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NEWS SUMMARY

GENERAL

Second defector death probed

Bulgarian broadcaster Vladimir Simeonov, 30, who defected in 1971 when visiting London as a tourist, was found dead in his East London home, the BBC World Service Radio announced in London last night.

Scotland Yard detectives were treating the death as suspicious, after the recent death of another Bulgarian defector, Georgei Markov, who died after complaining that he had been stabbed with an umbrella. Scientists later found a metal pellet in his body.

Mr. Simeonov worked as a programme assistant in the Bulgarian section of BBC External Services. Police said there was as yet no indication of how he died.

Bridge blown up

Guerrillas blew up a bridge on the main road between Salisbury and the South African border. Rhodesia's transitional Government banned the black daily newspaper, the Zimbabwe Times, "in the interests of public safety and security." Page 3

Royal tour

Princess Margaret arrived in Sydney, Australia to recuperate from a high fever which caused her to miss Tuvalu's independence celebrations. It has not yet been decided whether she will continue her tour to the Philippines and Japan.

Italian kidnapped

The son of a wealthy Milan builder was kidnapped by four gunmen as he left his home. Augusto Rancilio is Italy's 27th kidnap victim this year. Italian security forces, Page 3

Campaign launch

The Government launched a large-scale campaign to catch the one million people who evade buying television licences. Home Office Minister Lord Harris said there were 50,000 successful prosecutions a year, carrying a *maximum fine of £200.*

UDR officer shot

A part-time UDR officer was shot and critically wounded at a Newry cattle market, Co. Down. In Belfast, a soldier was slightly injured in a booby trap bomb blast in the Republican Falls Road area.

Floods hit Rome

Large areas of Rome were flooded as torrential rains swept the city, reducing the crowds of mourners waiting outside St. Peter's Basilica to see the body of Pope John Paul I.

Stabbing theory

An elderly woman who died of natural causes on a coach going to Scotland, and was then found to have stab wounds, may have been attacked as her body lay in the mortuary of the Royal Lancashire Infirmary, Lancaster, police said.

Bush fire spreads

A bush fire fanned by high winds raged out of control near the southern edge of Hobart, Tasmania, and some 300 families were preparing to evacuate the area.

Arrest threatened

Soviet-born Nikolai Sharygin, the former London businessman released after 10 years in Soviet labour camps, said in Moscow that he was being threatened with re-arrest unless he accepted Soviet identity papers.

Briefly . . .

Engineer Barry Haddow of Gwent who travels 342 miles a day to work in London, was named as the Commuter of the Year by BBC disc jockey Tony Brandon.

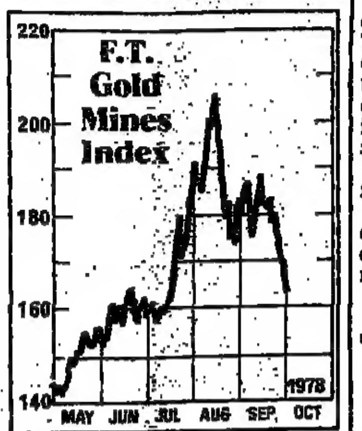
Woman burned herself to death in front of the United Nations Palace in Geneva.

Youth was arrested in Turkey after admitting murdering the Austrian envoy's wife and daughter.

BUSINESS

Gold Mines index down 5.5

● EQUITIES were nervous in the climate of political uncertainty, but a technical rally in late and after-hours business left the FT ordinary index 1.4



down at 499.2, after a fall of 6.6 after lunch. The Gold Mines index fell to its lowest since July 18, with a 5.5 drop to 163.1.

● GILTS fell in slow trading and the Government Securities index closed 0.29 down at 69.71.

● STERLING fell 50 points to $1.9715, but its trade-weighted index remained unchanged at 62.7. The dollar's depreciation narrowed to 8.9 per cent (9.1).

● GOLD closed $¼ at $217⅝ in London and in New York the Comex October settlement price was $220.10 ($217.90).

● WALL STREET closed 5.34 up at 871.36 in light trading.

● U.S. TREASURY bills were: threes 8.121 per cent (8.06); sixes 8.377 per cent (8.279).

● WESTERN steel industry outlook remains gloomy after four years of recession, leaders of the world's steel industries have been told. Back Page

● WORLD TELECOMMUNICATIONS companies are now preparing bids for a deal worth *about £10bn over the next 20* years to extend the Egyptian telecommunications network. Back Page

● CHRYSLER workers at Luton and Dunstable truck plants return to work today after a month-long stoppage over parity. Page 10

● WORK on an Industrial Democracy Bill, containing statutory rights on employee consultation and worker-directors is expected to start this month. Page 10

● LUCAS is continuing to have discussions with Ferodo, the French concern which now has effective control of Ducellier, the electrical components company Lucas has been seeking to take over. Back Page

Timber groups in merger deal

● INTERNATIONAL Timber Corporation and Bambergers seek to merge in an agreed deal worth £7.6m. The two groups have a combined turnover of nearly £200m. Back Page

● BP and VEBA are to appeal to the West German Economics Minister, Count Otto Lambsdorff, to over-rule a Federal Cartel Office decision blocking BP's DM 800m (£210m) takeover deal. The two groups may also begin civil court proceedings. Back and Page 2

● BEECHAM GROUP is to appeal against a Patent Court decision suspending its patent for an antibiotic drug, in its legal battle with the U.S. pharmaceutical company Bristol-Myers. Page 7

COMPANIES

● CURRYS first half pre-tax profits rose by £0.6m to £3.81m. Page 23 and Lex

● RUSTENBURG PLATINUM Mines net profits for the year to August 31 improved to R25.8m (£15.1m) against R4.6m. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Bambers	145	+ 7
Compton Sons & Webb	72xd	+ 7½
Crosby House	140	+ 12
Foster Bros.	159	+ 4
Heron Motor	123	+ 5
Robertson Foods	153	+ 4
Spear & Jackson	142	+ 6
Tridant Group	98	+ 14
White Child & Beney	120	+ 30
Whitehouse	112	+ 5
Siebens (UK)	340	+ 12

FALLS

Treasury 14% 1982	£105¾	— ¼
Exchequer 12% '99-02	£94¾	— ¾
Bambergers	77	— 11
Beecham	705	— 10
Currys	190	— 6
Executex	50	— 8
Farnell Elect.	385	— 10
Ferranti New (Nil/pd.)	275pm	— 8
HK & Shanghai	288	— 14
Intl. Timber	128	— 5
Jones Grp.	70	— 6
Mucklow (A. & J.)	128	— 5
Neill (Jas.)	90	— 4
De Beers Defd.	400	— 10
Doornfontein	286	— 13
Libanon	503	— 20
Pancontinental	975	— 75
Randfontein	£34¼	— 1¼
Silvermines	34	— 5
Vaal Reefs	£14½	— ¾

HEALEY HINTS AT 'FISCAL AND MONETARY' PACKAGE

Cabinet likely to defy pay vote

BY RICHARD EVANS, LOBBY EDITOR

MINISTERS may take deflationary measures to maintain the counter-inflation strategy if the pay guidelines are broken following the Government's massive Labour Party conference defeat yesterday at the hands of the trade unions.

This was the uncompromising attitude adopted by senior Ministers last night as they tried to come to terms with a day that may end Labour's hopes of retaining power at the next General Election.

Mr. Denis Healey, Chancellor of the Exchequer, said on BBC Television's *Panorama* that the conference defeat on pay, by a majority of more than two to one, would make the counter-inflation policy more difficult to achieve.

"And we may have to rely on fiscal and monetary policy."

But, underlining the severity of the political and economic difficulties facing the Government, he added that this would have an adverse effect on employment, an awesome prospect for a Labour Government before an election.

Mr. James Callaghan, still determined to continue in office despite the loss of support for his pay policy by the trade unions, will outline the Government's views in more detail when he addresses the conference today.

The initial signs are that he intends to stand firmly by the Government's 5 per cent guideline for the time being at least, though there are signs that Ministers are thinking in terms of greater flexibility.

An olive branch in the form of an offer of an early meeting with the TUC is being planned, with the promise that if the unions can produce a better means of combating inflation, Ministers will listen. Until then, the present policy stands.

On Sunday night Mr. Callaghan met senior union leaders and is believed to have told them that if the hostile pay resolution were remitted, he would discuss with unions ways in which the inflexibility of the policy could be modified.

Yesterday the Prime Minister's two senior lieutenants, Mr. Healey and Mr. Michael Foot, the Deputy Leader, both appealed in terms approaching desperation for the big trade unions to show restraint and to postpone their rejection of the 5 per cent guideline, which looks increasingly vulnerable.

With the Transport and General Workers' Union, the engineers, miners, public employees and some others determined to wreck the guideline, Mr. Callaghan was easily defeated, by 4,017,000 votes to 1,924,000 on the most vital issue he has faced since taking over the party leadership.

The main question facing union leaders and delegates, visibly chastened last night by the severity of the defeat inflicted on their own Government, is how hard to push the onslaught on the Government's pay norm.

Ministers accept privately that the guideline is particularly at risk in the private sector.

The defeat, by more than two to one, came at the end of an absorbing three-hour debate that centred on a hardline resolution totally rejecting any wage restraint, and calling on Labour's national executive to organise a campaign against control on wages.

Despite the impassioned pleas of Mr. Healey and Mr. Foot and a brilliant intervention in support of restraint from Mr. Sid Weighell, leader of the National Union of Railwaymen, the resolution was accepted.

Delegates, in increasingly militant mood, then went on to reject a resolution supporting

Continued on Back Page

Terry Kirk

Mr. Callaghan yesterday: an unexpectedly heavy defeat

Conference report Page 11 ● *Editorial comment Page 20* ● *Ford strike Page 10*

Manufacturers 'plan 9% investment boost'

BY DAVID FREUD

AN INVESTMENT surge by manufacturers is now thought to be under way and is expected to bring industry's capital expenditure this year to a record level.

The latest survey of investment intentions from the Department of Industry, published yesterday, shows that manufacturers plan to increase capital spending in the second half of this year by 9 per cent compared with the first half.

This rise—equivalent to more than £300m at current prices—... strain the lending resources of banks inhibited by the official "corset" restrictions on credit.

While manufacturing industry has priority for loans, the increase in its demand for finance suggested by its investment plans is likely to mean further restrictions on loans to other, non-priority borrowers.

The last time there was such a large increase over such a short period was in 1965, when investment by manufacturers rose 9.7 per cent from one six-month period to the next.

The latest survey, carried out between the end of July and mid-September, estimated that manufacturing investment this year would be 10-11 per cent above the level of last year. This is in line with the estimate of a 10-13 per cent increase contained in the previous survey, carried out in April/May.

The year-on-year rise for 1979 was expected to be smaller, as it was in previous surveys. The latest inquiry put a figure on the increase for the first time, of between 4 and 8 per cent.

The second-half burst in manufacturing investment comes after a very sluggish first half. Between January and March, investment actually dropped 3 per cent below the level of the previous three months.

In the first half as a whole, manufacturing investment was only 3 per cent above the previous six-month total. For the survey — which is usually accurate by this stage in the year — to match the out-turn "implies an increase of 9 per cent between the two halves of 1978."

The picture of buoyant investment for the rest of this year was mirrored by the Confederation of British Industry's monthly industrial trends survey, also published yesterday, which reported a pick-up.

The confederation stressed that the emphasis in capital expenditure was on expanding capacity and improving productivity.

The Department of Industry found that investment planned by distributive and service industries this year was 8 per cent to 9 per cent above last year's level, compared with the 6 per cent to 8 per cent found in the previous survey. The year-on-year rise for 1979 was set at 3 per cent to 7 per cent.

Taken together, the level of capital expenditure estimated for this year, for both manufacturing and distributive and service industries, was £8.65bn at 1975 prices. This is higher than the previous peak of 1974, when investment totalled £8.43bn.

The combined total is the best measure of the strength of investment, because the figures for manufacturing alone have been artificially diminished in recent years by the growth in leasing, which involves a switch in classification from manufacturing to services.

Phillips in Irish oil strike

By Kevin Done, Energy Correspondent

THE FIRST significant oil strike in Irish waters has been made by Phillips Petroleum more than 100 miles off the country's west coast.

Phillips said yesterday that the discovery could not be considered a commercial find but test results were encouraging.

Plans for further drilling to delineate the structure are being drawn up, but no action will be taken before next year. Extensive geological studies must first be made but the stormy West Atlantic weather will soon end the summer drilling season.

The Phillips results are the first to be declared of a series of wells being drilled in the area known as the Porcupine Trough.

Hopes have been rising in Ireland in recent weeks that this exploration programme would lead to the first commercial oil discovery in Irish waters. Some 15 wells have been drilled offshore Ireland this year, the biggest exploration programme in West Europe in 1978.

Announcements are expected soon from the Aran/BP group drilling on block 26/22, Elf

Continued on Back Page

Swiss franc falls sharply

BY MICHAEL BLANDEN

THE SWISS franc fell sharply in European exchange market dealings yesterday after the weekend announcement of new measures designed to weaken the currency.

The new moves by the Swiss authorities include increased intervention to bring down the franc exchange rate and the promotion of Swiss franc loans to foreign borrowers.

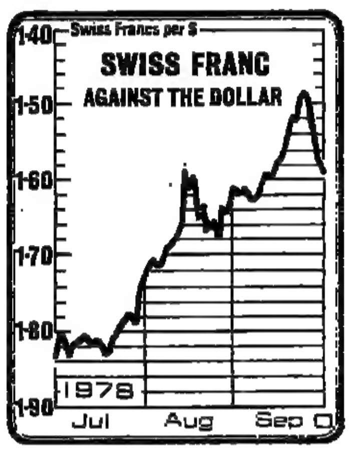
They made a substantial impact in early market trading, but later in the day a mood of caution developed and the Swiss currency picked up from its lowest levels.

Some dealers argued that, while the Swiss authorities might be able to bring about a weakening of the franc, it was unlikely to be permanent in view of the underlying pressures on the U.S. dollar.

At one point, the dollar rose to SwFr 1.62, compared with Friday's closing level of SwFr 1.55. By the close of trading in London, though, it had come back to well below its best level at SwFr 1.5915.

The immediate impact on the Swiss currency was reflected in a decline in its trade weighted appreciation as calculated by Morgan Guaranty at noon, New York time. This slipped to 95.4 per cent from 105.9 per cent.

On the same basis, the U.S. dollar benefited both from the fall in the Swiss franc and from the decline of the Canadian dollar, its weighted depreciation narrowing from 9.1 to 8.9 per cent.



The Canadian dollar fell to a 45-year low in Toronto of 83.97 U.S. cents — down from 84.45 on Friday.

The pound ended with a loss of 50 points against the dollar at $1.9715, but its trade-weighted index closed unchanged at 62.7.

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Scope for foreigners Page 27

£ in New York

—	Oct. 2	Previous
Spot	$1.9675-9685	$1.9715-97
1 month	0.74-0.67 dis	0.62-0.56 dis
3 months	2.02-1.92 dis	1.78-1.72 dis
12 months	6.30-6.10 dis	5.80-5.60 dis

Murdoch signs separate deal

BY STEWART FLEMING

NEW YORK, Oct. 2.

THE eight-week New York newspaper strike could be nearing its end following the decision by Mr. Rupert Murdoch, the Australian newspaper publisher, to break ranks with the Newspaper Publishers' Association — of which he is president—and sign a separate agreement with the striking pressmen's union.

The agreement between the union and the New York Post, the evening newspaper which Mr. Murdoch bought in the city almost two years ago for about $30m (about £15m), was announced today. Immediately, negotiators for the rival dailies which have also been hit, the New York Times and the Daily News, went back to the bargaining table.

Broke ranks

The talks later were suspended pending ratification of Mr. Murdoch's agreement with the strikers.

Mr. Murdoch's decision to sign a separate agreement comes only days after he led the New York Post out of talks between the Publishers and the pressmen's union.

Mr. Murdoch broke ranks with the other publishers over the role which Mr. Theodore Kheel, a veteran labour negotiator, was playing in the talks.

The move stirred memories of the historic 114-day newspaper strike of 1962-1963 when the then owner of the New York Post, Miss Dorothy Schiff, withdrew from the publishers' association to sign a separate deal at a point when the strike was threatening the Post's survival.

Initially, the publishers' had demanded a 50 per cent cut in manning levels, although more recently their demands had been scaled down to a reduction of 200 in the 1,600 employees who operate the presses.

The Post refused this morning to comment on any of the details of the agreement on the grounds that it still had to be ratified by the union members meeting tomorrow. There is speculation, however, that the union will have won substantial guarantees on job security. Mr. William Kennedy, the *union's president,* implied as much when he remarked that the agreement "protects the union concept of manning."

However, Mr. Murdoch may have secured a concession on the definition of the day shift to allow him to print the Post — an evening paper when he bought it — earlier in the morning.

Since he acquired it he has steadily advanced publication times, bringing the paper into more direct competition with the bigger Daily News, a tabloid morning paper and the Post's main rival.

The Post has been losing money steadily since Mr. Murdoch acquired it, and unofficial estimates suggest its losses are running at as much as $10m a year.

More aggressive

● In the UK, Mr. Murdoch's News International organisation, which publishes the Sun and News of the World, has already given the Newspaper Publishers Association notice that it will resign by the end of October if the association is not restructured.

Mr. Bert Hardy, managing director of News International, said he wanted the NPA to perform a more aggressive marketing role.

"There has been some progress, and a paper on restructuring is now being prepared. But it will have to get a lot better before we decide to stay in."

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FEATURES

For latest Share Index 'phone 01-246 8026

Comecon debts to Austria increase

By Paul Lendvai

VIENNA, Oct. 2.

EAST EUROPEAN indebtedness to Austrian banks jumped by 40 per cent last year, raising the accumulated debts of Comecon countries to Sch 40bn (about £1.43bn), which is 46 per cent of the outstanding loans extended by Austrian banks.

These figures were released by the Vienna Institute for International Economic Comparisons. A detailed breakdown of current Comecon debt to Austria shows that long-term loans from Austrian commercial banks account for Sch 30bn, short-term bank credits for Sch 5bn and direct credits from suppliers for almost Sch 5bn.

Poland is by far the largest debtor among the Comecon countries. Its debts of Sch 11.9bn account for 40 per cent of Austrian bank credits to Eastern Europe. East Germany takes second place with Sch 7.3bn, while the Soviet Union and Hungary each owe Sch 3.1bn to Austrian banks. These four countries account for 85 per cent of the long-term Comecon debt to Austria. Czechoslovakia and Bulgaria each report liabilities of only Sch 1.9bn to commercial banks and Romania Sch 600m.

New electoral legislation for Portugal

By Jimmy Burns

LISBON, Oct. 2.

THE Assembly of the Republic, Portugal's Parliament, today approved a new electoral law which effectively completes the legal framework needed to hold new elections. The law essentially updates existing legislation introduced before the last General Election held in 1976 and paves the way for the registration in the electoral roll of over 1m new voters—over 18-years-old and settlers from the former African colonies—who were not eligible to vote in the last election.

Elections continue to be the most likely outcome out of the present political impasse, brought on by the parliamentary rejection of Portugal's third constitutional Government over two weeks ago.

Weekend statements suggest that the country's major political parties are no nearer finding the common ground for a majority governing accord.

Meanwhile in a weekend interview, S. Alfredo da Costa, the caretaker Prime Minister, said that he and his government expected to remain in office for at least another one to two months. Despite the rejection of his programme, Sr. da Costa is still hoping to gain Parliamentary backing for a series of pending major policy decisions.

UK warned in fish row

BRUSSELS, Oct. 2.

THE COMMON Market Commission today published a letter from Mr. Finn Olav Gundeluch, EEC Fisheries Commissioner, urging Britain to delay its unilateral action on fish conservation measures, and warning that Brussels reserves the right to take "whatever action is appropriate in due course"

The letter, addressed to the British Mission to the EEC here, said the Commission could not endorse six conservation measures for which London had sought its approval.

Reuter

Provincial Minister's move upsets German N-project

BY JONATHAN CARR

BONN, Oct. 3.

WEST GERMANY'S nuclear energy development plans have been thrown into confusion by the unexpected decision of a provincial minister to refuse approval of further work on a prototype fast breeder reactor.

The action by Herr Horst Ludwig Riemer, the Economics Minister of the state of North-rhine - Westphalia, not only appears to have been taken against the wishes of many in the local state cabinet but also cuts across the position of the Bonn Government.

Affected by Herr Riemer's decision is the fast breeder reactor project at Kalkar, near the Rhine and the Dutch border, on which work began in 1973 and on which well over DM 1bn has already been invested. Also involved in the project are the Belgians and the Dutch.

It was expected that the reactor would begin operation in the 1980s, generating more fissile material than it consumed and thus paving the way for a far more efficient use of nuclear fuel supplies in West Germany.

This path to a "plutonium economy" is one strongly opposed by the present U.S. Administration, but West Germany, which has few native energy supplies and is wholly dependent on imports for its nuclear fuel, feels bound to go ahead with it.

However, Herr Riemer now warns of the nuclear proliferation problems associated with a plutonium economy. He suggests that the current relatively weak growth in the use of domestic electric power does not justify the additional risks he feels are involved in fast breeders. He therefore proposes that the Kalkar installation be turned instead into a centre for disposal of plutonium from other existing reactors.

Experts appear astonished by this proposal. Even assuming that it proved practicable, it is pointed out that alteration of the Kalkar programme would ensure further delay and extensive additional costs.

Nonetheless, the matter is being treated seriously in Bonn. The federal German system ensures wide powers for provincial governments and their Ministers. Herr Riemer's support is needed if the Kalkar project is to go ahead on schedule and he is likely to come under heavy pressure to reconsider his position.

AP-DJ reports from Bonn: Herr Martin Gruener, West German State Secretary in the Economics Ministry said that Eastern European countries are either planning or in the process of building 49 nuclear plants with a generating capacity of 36.825 megawatts.

Herr Gruener, answering a parliamentary question, said the East Bloc countries already have 33 nuclear plants in operation with a generating capacity of 10.659 megawatts.

Metal workers' union rebuffed

BY ADRIAN DICKS

BONN, Oct. 2.

INDUSTRIE Gewerkschaft-Metall, the huge West German metal-working and engineering trade union, is smarting today after suffering a sharp rebuff from its own members in week-end works council elections at the big Daimler-Benz car factory at Untertuerkheim, outside Stuttgart.

The clear victors were a group of "rebels" to the left of the union establishment, who have built up their support steadily over the past six years since they first stood in opposition to the official union list. They won no fewer than 12 of the seats in the blue-collar section of the works council.

Out of a total of 47 seats on the council, candidates on the IG-Metall list managed to secure a bare majority of 24, winning 15 out of 29 seats in the blue-collar section and nine out of 17 in that elected by the staff employees. Some 95 per cent of the 12,000-plus work force at Untertuerkheim are IG-Metall members.

Herr Franz Steinkuehler, the Stuttgart regional leader of IG-Metall, described the union's setback as a "political defeat," but attempted to salvage something from the situation by commenting that it would be no bad thing for two groups to be competing in the interests of the Daimler-Benz work force against a management he has described as "the craftiest in the land."

In its private counsels, however, IG-Metall is now likely to feel driven to an urgent review of the leadership's embarrassingly obvious loss of touch with the rank and file. It is especially disturbing for the union that such a reverse should have occurred in the Stuttgart region, where Herr Steinkuehler has begun to make himself an enviable national reputation as one of the younger and more imaginative German union leaders during this spring's protracted strike and lock-out.

Still more painful for the union, however, were the circumstances of the Untertuerkheim election. A new works council was originally chosen last April, when the IG-Metall list won 19 seats in the blue-collar section. Shortly afterwards, however, the rebel list led by Herr Willi Hoss, an ex-union member, uncovered the fact that some 1,300 ballot slips favouring the IG-Metall candidates had plainly been falsified.

Although the background to this incident has not yet been fully explained, the rebels were able to have the election result set aside by a court and have new elections ordered from which they have emerged clearly strengthened.

Herr Hoss is apparently anxious to dispel the notion that he wants to politicise industrial relations at the plant, and has tried to contest his expulsion from IG-Metall. His supporters, who gained 39 per cent of the vote compared with the official list's 52 per cent, have done well from canvassing among night-shift workers and among foreign "guest workers" who also seem to have felt their interests and grievances were neglected by the outgoing works council.

Spain begins EEC campaign

BY ROBERT GRAHAM

MADRID, Oct. 2.

THE GOVERNMENT today began a three month campaign to inform Spaniards about the Common Market. Since Spain applied to join the Community in July 1977 this is the first official attempt to explain the reasons for the application, the nature of the problems and benefits of membership, and the complex workings of the EEC's institutions.

The campaign is being organised by the Ministry for Relations with the EEC, formed on February 10 this year and headed by a former Commerce Minister, Sr. Leopoldo Calvo-Sotelo. At the outset Sr. Calvo-Sotelo said he viewed his ministry as having a dual role—both to negotiate with Brussels and to prepare Spaniards for entry

Over the next three months officials from the ministry plan to visit 54 towns and cities throughout Spain, effectively covering every major urban centre in the country. The emphasis is on holding a series of separate meetings with specific interest groups, rather than talking to large gatherings. Usually the officials will first brief local media about the negotiating process with Brussels and the workings of the community. Then they will meet with the local chambers of commerce or agricultural chambers, and this will be followed by briefings of the local representatives of the political parties and any other specialised interest groups.

Sr. Calvo-Sotelo says he prefers this approach rather than impersonal propaganda from Madrid. He also hopes in this way to be able to obtain a better feel for the kind of problems specific interest groups of regions might face as a result of entry.

So far Spain has witnessed no real debate, even informal, on the pros and cons of joining the EEC.

David Gardner reports from Barcelona: Sr. Landelino Lavilla, Minister of Justice, and Sr Josef Tarradellas, president of Catalonia's Generalitat, today presided at the formal handover of the first powers to be devolved to the regional government.

The Generalitat will now have under its jurisdiction a limited range of matters affecting agriculture, urban planning, industry and commerce.

Gibraltar 'anachronism' attacked

UNITED NATIONS, Oct. 2.

SPAIN'S Foreign Minister, Sr. Marcelino Oreja Aguirre, today called the colony of Gibraltar an historical and political anachronism and said Britain could no longer continue to ignore its duty to begin negotiations with Spain.

"As an imposed military base, Gibraltar is a danger for the security of Spain and its 36m inhabitants, when it exposes to risks they have never accepted," the Minister said in an address to the General Assembly.

Sr. Oreja Aguirre said that as a colony, Gibraltar was a violation of Spain's territorial integrity. As an anachronism, it was an obstacle to co-operation between peoples who, in the natural way of things, were "called to attain mutual understanding."

Sr. Oreja Aguirre said the UN had repeatedly emphasised the need for a negotiated settlement.

Reuter

By-election setback for Giscard in Paris

By Robert Mauthner

PARIS, Oct. 2.

THE FRENCH coalition Government, whose economic policy is becoming increasingly unpopular, suffered another setback yesterday in a by-election in the 14th district of Paris, where the Gaullist candidate was decisively beaten by a Socialist.

This was the fifth successive Government defeat in a by-election since its handsome victory in the general election last March, and its failing fortunes have seriously undermined the already-shaky alliance of Giscardian Centrists and M. Jacques Chirac's Gaullist Party.

In yesterday's final ballot in Paris, the Socialist candidate, Mme. Edwige Avice, who had come second to her Gaullist opponent, M. Christian de La Malene, in the first round, polled nearly 54 per cent of the total votes cast, against the latter's 46 per cent. A striking feature of the poll, as of the four previous by-elections, was that the Socialist-Communist alliance held firm in practice.

Not only did the Communist candidate, who came third in the first round, stand down in favour of Mme. Avice in the run-off, but Communist voters faithfully transferred their support to the Socialist candidate, after the withdrawal of their own representative. This is eloquently confirmed by the figures. The combined votes cast for the Socialist and Communist candidates in the first round almost exactly equalled Mme. Avice's 54 per cent in the second ballot.

M. Raymond Barre, the Prime Minister, whose austerity policies are at the root of public disenchantment with the Government, has stoically played down the significance of the by-election defeats. "There are only two elections in France which count: the Presidential and the General elections," he said in a radio interview over the week-end.

With no decisive poll in the offing before the Presidential election in 1981, M. Barre clearly considers that the Government is in a strong position. But it could still fail, as the result of internal dissentions, and the Gaullists, who are the biggest if not the most influential coalition partners, are currently making some very threatening noises.

Meanwhile, the Socialists today tabled a censure motion as the National Assembly reconvened. There is no chance of the vote going against the Government when the issue is debated later this week.

French trains hit by strike

By David White

PARIS, Oct. 2.

A THREE-DAY strike on the French railways has reduced train services by more than half on most lines.

The latest transport snarl-up, which began yesterday in response to a strike call by four railwaymen's unions in pursuit of better working conditions, came as French air traffic controllers were once more working to rule.

Main line services from the Gare du Nord, including Channel-bound traffic, got off relatively lightly, with about 60 per cent of trains running as scheduled yesterday. Main line traffic from other Paris stations was about 30 per cent of normal. Only 15-40 per cent of suburban services have been running.

The strikers are protesting against the working conditions for drivers and guards imposed by the introduction of a new winter timetable.

RUHRGAS DEAL

Cartel Office ruling cites competition restriction

BY LESLIE COLITT

BERLIN, Oct. 2.

THE WEST GERMAN Cartel Office said today that it is blocking the purchase by Deutsche BP of a 25 per cent share in Ruhrgas, West Germany's largest natural gas company, because it would restrict competition in the domestic gas market.

The transaction was part of a DM800m deal announced in June between BP and Veba AG, the giant West German energy group, which was to take effect on January 1.

The Cartel Office in West Berlin says that transferring Ruhrgas shares from Veba to BP would "increase Ruhrgas's already considerable" freedom of action as the BP share would eliminate a "potential competitor" of the gas company. BP is known to be seeking diversification in the German gas market.

Only the Federal Minister of Economics, Count Otto Lambsdorff, the office notes, can now grant permission for the take-over. The West German Government controls 44 per cent of Veba and Economics Ministry officials have spoken favourably of the BP-Veba deal.

The two companies now hope Bonn will ultimately approve the deal.

The Cartel Office does not object to the planned acquisition by BP in Hamburg of a 31 per cent Veba share in the German Liquid Gas Terminal Company in Wilhelmshaven, nor to its taking over 1,000 Fanal petrol stations, plus a 50 per cent share in a Veba oil refinery in Ingolstadt, and the Etinnes-Stromeyer Fuel Company. Veba in return is to be guaranteed access to BP oil supplies.

According to the Cartel Office, Ruhrgas already has excellent access to domestic and foreign sources of supply, as well as to domestic markets.

"Some 66 per cent of the gas which reaches the consumer is supplied by Ruhrgas," it says. Because of Ruhrgas's market influence, the Cartel Office attaches great importance to what it calls "competition by substitution" between various sources of energy, especially between gas and oil.

This means ensuring competition between different types of energy and preventing takeovers from linking them.

Shell, Esso, Texaco and Mobil oil already have shares in Ruhrgas, the Cartel Office notes, arguing that if BP were to join these international oil companies "whose interests are linked," then it would further restrict competition.

The companies, it claims, could then include Ruhrgas in their joint co-ordination of oil and gas sales to the German market.

"It is of decisive importance that another effective potential competitor is not eliminated by integration," the Cartel Office says.

Ironically, the Cartel Office is an agency of the West German Economics Ministry and this is not the first time they have reached different conclusions. In 1974 the office investigated international oil companies operating in West Germany, including Veba, for allegedly overcharging their German subsidiaries.

The Cartel Office subsequently got bogged down in oil company book-keeping procedures and had to drop its inquiry. That same year, Volkswagen, in which the West German Government is a large minority shareholder, was accused by the Cartel Office of unjustified price rises. Here, too the office was unable to prove its case.

Prohibition may be lifted

BY A. H. HERMANN, LEGAL CORRESPONDENT

WHEN THE acquisition of Ruhrgas — West Germany's largest importer of natural gas —by British Petroleum was first announced it was given a warm welcome by the government in Bonn but a warning from the Federal Cartel Office.

This difference in attitude by the Minister of Economic Affairs and the Cartel Office in Berlin is a pointer to the likely outcome of the affair.

It is possible that, though now prohibited by the Cartel Office, the acquisition will ultimately be reprieved by a "Ministerial exemption" granted by the Government. This somewhat cumbersome way of arriving at the desired result, first by prohibiting the deal and then by lifting the prohibition, is a feature of German merger rules.

Unlike UK law, the German Competition Act separates the consideration of anti-competitive aspects of mergers from the question of whether a merger is or is not in the public interest.

The Federal Cartel Office has the task of prohibiting mergers likely to create or increase market dominance. It has no brief for taking the general economic interests of Germany into account. These questions can be considered only by the Minister of Economic Affairs.

If he decides that a merger, prohibited by the Cartel Office because it is anti-competitive, would benefit the national economy, or that there is an overriding public interest, he may lift the Cartel Office prohibition.

The only limit imposed on his freedom seems to be the requirement that no decision should endanger the continuance of a free market economy in Germany. The BP/Veba deal is not likely to do that.

It would be naive to believe that this separation of powers, and the independence of the Cartel Office, are complete. Though the Minister of Economic Affairs may give the office only instructions of a general nature (and these must be published in the official gazette) the contact between Bonn and Berlin is in fact much closer. This is particularly so since Herr Wolfgang

> The Federal Cartel Office has the task of prohibiting mergers likely to create or increase market dominance. It has no brief for taking the general economic interests of Germany into account.

Kartte moved to Berlin from Bonn (where he was head of the Competition Department in the Ministry of Economic Affairs to become President of the Cartel office).

No great secret was made of the fact that the Ministry encouraged the Federal Cartel Office to fight for its—at that time legally doubtful — prohibition of the GKN/Sachs merger right to the Supreme Court. But though the Ministry may encourage the Cartel Office to obtain judicial clearance for a novel interpretation of the law, it could not and would never ask it to neglect its statutory duties.

The Supreme Court decision in the GKN/Sachs case made it much more difficult for the Cartel Office not to ban the BP acquisition of Ruhrgas. Herr Kartte admitted publicly that even from the point of view of competition the deal would have advantages particularly in reducing the market dominance of Veba. However, the Supreme Court underlined in its GKN decision that merger control should be mainly concerned with structural changes likely to lead in the future to restriction of competition.

After this judgment the Cartel Office could not ignore the possible consequences of about 1,000 additional BP petrol stations in Germany and of its link with Ruhrgas, precluding the possibility that the two would in future compete in the German gas market.

Though the Cartel Office reaches its decisions by a quasi-judicial procedure, it is also political. Its main concern now is to avoid anything which could jeopardise the passage of the fourth revision of the German Competition Act.

The Bill, now before the German parliament, provides for such statutory assumptions of market dominance which BP could not escape, simply on the basis of its turnover. A decision taken now in favour of the deal would have contradicted the Cartel Office claim that such change in the law was unnecessary.

Should this decision come for judicial review the courts would judge it by the revised law. If it was consistent with the Cartel Office policy to ban the deal, it would be no less consistent for the Bonn Government to allow it on almost the same grounds on which it overruled the Cartel Office ban of the merger between Veba and Gelsenberg in 1974.

The Government's argument then was that faced with the cartel in oil equipment for large industrial projects, Germany must achieve greater strength.

With the BP/Veba deal assuring supplies of crude oil to Germany the argument remains as fresh as when first formulated in 1974.

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EUROPEAN NEWS

Italian security strikes at the Red Brigades

BY PAUL BETTS

ROME, Oct. 2.

ITALIAN SECURITY forces have apparently made a major breakthrough in their investigations into the extreme left wing Red Brigades. Although police were silent today on a 48 hour anti-terrorist dragnet in Milan there are so far unconfirmed reports that the police operation, headed by the new chief of the anti-terrorist squad, General Carlo Alberto Dalla Chiesa, has resulted in the arrest of two Red Brigades leaders.

These are Nadia Mantovani, the girl friend of Renato Curcio, the so-called ideological leader of the movement; and Mario Moretti, the alleged head of the Rome cell of the Red Brigades, which is suspected of organising the kidnapping of Sig. Aldo Moro, the late president of the Christian Democrats.

The anti-terrorist squad seized the Red Brigades member, Antonio Savino, in Milan over the weekend. Savino, on the run from prison, and two police officers were wounded in the gunfight which led to the arrest.

About ten days ago, police also arrested in Milan Corrado Alunni, suspected of being a leading member of the organisation and also to have taken part in the Moro kidnapping.

These developments come at the same time as a renewal of political violence in Italy with a series of major terrorist and politically motivated incidents in Milan, Rome, Turin and Naples.

In Rome, the funeral of a 24-year old unemployed left-wing student shot dead by a group of extreme right-wing youths took place today. Demonstrations were also held in Naples following the attack by reportedly neo-Fascist extremists against a student, whose condition was described as critical.

This apparently concerned revival of political violence coincides with the efforts of the Government and the political forces to implement a medium-term recovery plan for Italy.

Sig. Giulio Andreotti, the Prime Minister, speaking at Viareggio over the weekend, claimed that the so-called "Italian risk" had now disappeared and that major international credit institutions were willing to advance long-term loans for major investments in Italy, including the depressed south.

Last days of the Lockheed trial

BY PAUL BETTS IN ROME

THE LONG-drawn-out and controversial Lockheed affair in Italy is now on its last legs. The unprecedented trial (before the constitutional court) of two former Defence Ministers, a former Chief of Staff of the Italian Air Force, two leading lawyers and six other defendants is to resume this morning and a verdict and sentence is expected before the end of the month.

After some 60 hearings lasting nearly five months, the prosecution has now asked for heavy prison sentences for the two former Ministers—the Social Democrat Sig. Mario Tanassi and the Christian Democrat Sig. Luigi Gui—and the confiscation of all their personal wealth. The charges are of grave corruption against the state arising out of reported payments of some $1.6m by Lockheed in bribes to secure the sale in 1970 to the Italian Air Force of 14 C-130 Hercules military transport aircraft.

For Sig. Tanassi, the three members of the prosecution have unanimously requested a nine year term of jail, as indeed they have for the two Lefebvre brothers, Ovidio and Antonio, the lawyers accused of having handed over the bribes. For Sig. Gui, who is alleged to have received a Lockheed payment not so much for himself but for his ruling Christian Democrat Party, the prosecution has demanded six years imprisonment, although one of the three prosecutors dissented from the decision on the grounds there was no evidence, but only suspicions, against the former Minister.

Both Ministers, the first former cabinet members to be tried before the country's highest court since the fall of fascism, have repeatedly denied any improper action in connection with the Lockheed deal.

In all, the prosecution has asked for a total of some 58 years imprisonment for nine of the 11 defendants, who include the missing former chairman of the Finmeccanica state engineering holding company, Sig. Camillo Crociani, and the former Air Force Chief of Staff, General Duilio Fanali. In the light of these stiff demands by the prosecution, the defence winding-up to begin today will be all the more crucial, especially since there is no right of appeal for defendants appearing before the constitutional court.

The next few weeks, therefore, could be considered the climax of a trial which in many respects is unique in Italy. Yet this does not appear to be the case. The overriding feeling here is one of anti-climax. This may appear a paradox, but in a sense the Italian Lockheed trial is generally regarded here to have already taken place. From the beginning the affair was seen not so much as the trial of former Ministers as individuals but as a broader political trial of the long ruling Christian Democrat Party as such, and what its opponents consider to be its corrupt and inefficient rule over the past 30 years.

The point was clearly expressed by Sig. Aldo Moro, the late Christian Democrat leader kidnapped and murdered by the extreme left wing Red Brigades movement earlier this year. In the course of the Parliamentary debate on thet Lockheed scandal last year preceeding the vote to impeach Sig. Tanassi and Sig. Gui, Sig. Moro said that the debate had turned into a trial of his party's hold of political power in Italy.

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The debate itself followed extensive investigations by a Parliamentary Commission set up to decide whether the evidence against the former Ministers was sufficient to propose the waiving of their Parliamentary immunity so that they could stand trial. The all-party commission dismissed a former Prime Minister, Sig. Mariano Rumor, who had held office at the time of the Lockheed negotiations, on the basis of the casting vote of its Christian Democrat chairman. In a joint session of both the Senate and the Chamber of Deputies, Parliament voted to impeach the two former Ministers.

The attack against the Christian Democrats came at a particularly vulnerable time for the ruling party. Its political influence had steadily been undermined by the rising electoral gains of the Communist Party. After the inconclusive general elections of June 1976, the party had come to an agreement with the Communists, who tacitly supported a new minority Christian Democrat government through absention in parliament. Subsequently, the Communists gained direct participation in the governing process by being included in the parliamentary majority. This, however, is still some way from the party's efforts to be a direct partner in government.

In the process, the Lockheed affair has already had far-reaching repercussions in Italy. Last June, Sig. Giovanni Leone, the President of the Republic, resigned following a series of so-far unsubstantiated allegations about the association of the President and members of his family in a range of corrupt practices, including fiscal irregularities. One of the main attacks against Sig. Leone was his ties with the Lefebvre brothers, and the small Radical Party had earlier demanded that Sig. Leone be brought to trial along with Sig. Gui and Sig. Tanassi. Parliament, however, ignored this demand.

The Christian Democrats, for their part, have attempted to clean up their image, and their governing alliance with the main opposition parties appears to have helped. The party has further gained considerable popular support in the wake of the emotional reaction to the kidnapping and murder of Sig. Moro. This has not been the case for the Communists who, under pressure from their own supporters and under attack from the Socialists, now appear to be losing ground.

Although tensions clearly exist within the ruling party following the loss of its one undisputed and unchallenged leader, the Christian Democrats are now showing concrete signs of closing their ranks. The appointment of Sig. Giovanni Galloni, close to the reformist Secretary General of the party, Sig. Benigno Zaccagnini, as the new party chief whip, and the selection of Sig. Carlo Donat Cattin, the Industry Minister, who enjoys a degree of support from the base, as the party's Deputy Secretary, is tangible evidence of this.

The traditionally faction-torn party, which is to hold its national congress next spring concurrently with the Communist national congress, clearly feels it could fare well in a prospective early general election later in the spring. To this end, it wants to demonstrate, on the surface at least, a united and vigorous front.

UK urges lower air fares to Scandinavia

By Hilary Barnes

COPENHAGEN, Oct. 2.

THE UK is pressing for lower fares and increased competition in its negotiations with the Scandinavian countries on new air service agreements, Mr. George Rogers, leader of the UK delegation, said here today.

"Agreement is possible, but it quite clearly will be a different agreement from the *one the Scandinavians set out* to get," he stated after a week of negotiations.

The existing air service agreements were abrogated by the Scandinavians, with effect from December 31 this year.

The Governments acted at the urging of Scandinavian Airlines Systems. SAS feared that planned new routes for British independent operators would undermine its position in the market for scheduled traffic.

The Scandinavians entered the negotiations hoping for an agreement which would carve up scheduled traffic 50-50 between SAS and British Airlines and would lay down restrictive rules for opening new routes from the UK to Scandinavia.

The UK is looking for an agreement which will permit increased competition to SAS and British Airways, which between them account for 80 per cent of the value of the market.

The British believe this competition will come both from independent operators and the charter companies.

Negotiations have been marked by tough attitudes on both sides. "The Scandinavians tried to smash our independence," Mr. Rogers added. "We had to point out to them that we had the power to break up SAS."

SAS is owned and operated jointly by Denmark, Sweden and Norway. The UK could break up SAS by withdrawing its right to operate from the three countries jointly.

Britain has also given notice to end so-called "fifth freedom" rights for Scandinavian charter companies. Withdrawal of these would prevent the SAS-owned Scanair charter company, jointly owned by the three countries, from flying between Scandinavia and the UK at all.

The UK did not intend to break up SAS and was not closing the door on the possibility of an agreement to extend "fifth freedom" rights to the charter companies in future, Mr. Rogers went on.

But the UK felt it had to give notice to end the charter companies' fifth freedom rights in order to bring the charter issue into the negotiations.

Talks will be resumed in London on November 13, when 10 days have been alloted for them.

Bank of India Jersey branch

THE BANK of India has started operations in the Channel Islands with the opening of a branch in New Street, St. Helier, Jersey.

There are now 35 merchant and foreign banks licensed to opearte in Jersey, apart from branches of the UK clearing banks. The latest foreign bank to be licensed, Banco de Bilbao, has not started trading.

OVERSEAS NEWS

Death toll in Iran strike believed to be at least 12

BY ANDREW WHITLEY

TEHRAN, Oct. 2.

AT LEAST 12 people are now thought to have been killed in clashes with security forces in towns and cities across western Iran during yesterday's one-day protest strike.

In Kermanshah, capital of Kurdistan province, the Persian language newspaper, Ettelaat, reports today that three people died and 31 were injured during a running battle with the police that lasted much of the evening. Banks and cinemas were set alight.

Further north, in the small town of Bukan, a spokesman for the Committee for the Defence of Liberty and Human Rights said that seven young people were killed and many others injured when police and soldiers opened fire on demonstrating schoolchildren. No immediate confirmation of the incident was available from the Government.

South-east of Kermanshah, this afternoon's Kayhan newspaper reports that two people died in Dorud. In what looks to have been a wave of disturbances throughout western Iran, several other major towns, including Zanjan, Rezaiyeh and Dezful, are reported to have been the scene of large-scale marches.

Together with yesterday's assassination in Mashad of a police colonel and his driver, the unofficial death toll from the strike is put at 14. The strike was called in protest against the alleged house arrest of the exiled opposition leader, Mr. Ayatullah Khomeini, in Iraq.

Commenting on yesterday's announcement of an amnesty for all exiles prepared to work within the existing constitutional framework, a Government Minister, Mr. Manouchehr Azmoun, has said that Mr. Khomeini—the Shah's leading opponent—can return home on these conditions.

Meanwhile, the rash of industrial strikes afflicting Iran appear to be worsening. Unconfirmed reports say that staff of Bank Pars, a medium-sized commercial bank, will strike tomorrow in support of their colleagues in the state-owned banking giant, Bank Melli, who began their action yesterday.

Bank Pars staff, numbering some 1,800 in all, are said to be demanding a pay rise and improved housing alowances. They are the first significant private sector body to come out.

There are contradictory reports on the situation in the oilfields with newspaper statements that the strike by several thousand employees is over and private reports that the strike has now spread to Kharg Island, the main export jetty. If Kharg is affected, consequences for oil exports might be seen fairly soon.

Smith bans main black newspaper

BY TONY HAWKINS

SALISBURY, Oct. 2.

RHODESIA'S Government has banned the country's largest black-oriented newspaper, the Zimbabwe Times, which is owned by the Lonrho company and is reputed to support Mr. Joshua Nkomo, co-leader of the Patriotic Front.

Mr. Hilary Squires, Joint Minister of Law and Order, said that the paper had been banned because it supported terrorist organisations. The step was in line with Mr. Ian Smith's broadcast last month in which he promised action against domestic supporters of the Patriotic Front guerrillas.

A Government spokesman said the newspaper had been banned because its continued publication was considered to be contrary to public safety and security.

The Zimbabwe Times was set up by the Lonrho group about 18 months ago. The editor, Mr. Herbert Mugangatire, is on bail facing charges under Rhodesia's security legislation for allegedly publishing false information and for publishing war information without permission.

The newspaper said today that about 300 people would be out of work as a result of the ban. Most of newspaper's staff is black and only eight whites are employed. The ban has been condemned by the Rhodesian Guild of Journalists which said it would be impossible to hold free elections without a free Press.

Several black newspapers are published in Rhodesia, but the Zimbabwe Times had the largest circulation and was probably the most influential.

Meanwhile combined operations headquarters reported that the high-level road bridge across the Tokwe River on the main Salisbury to Johannesburg route was blown up by guerrillas early today.

Kaunda ruling challenged

BY OUR OWN CORRESPONDENT

LUSAKA, Oct. 2.

ZAMBIA'S RULING United National Independence Party (UNIP) was accused today of preventing would-be presidential candidates from callenging President Kenneth Kaunda and of using intimidation and death threats to do so.

The charges were made in the High Court by two of Dr. Kaunda's most prominent opponents, Mr. Simon Kapewpwe, a former Vice-President, and Mr. Harry Nkumbula, who led an opposition party until Zambia became a one-party state.

The two men lodged petitions alleging that constitutional amendments under which Dr. Kaunda was nominated sole presidential candidate for elections next December were unlawful.

Both men said the amendments, which placed new restrictions on would-be presidential candidates, had not been correctly circulated at, or approved by UNIP's general conference last month, before Dr. Kaunda was named as sole presidential candidate.

Before the meeting, Mr. Kapwepwe, Mr. Nkumbula and Mr. Robert Chiluwe, a Lusaka businessman, all said they would challenge Dr. Kaunda for the nomination.

The case was adjourned for a week.

Kenya denies Zambian report

By John Worrall

NAIROBI, Oct. 2

KENYA AIRWAYS today denied that it planned to open a service to South Africa. An official said the Kenya Airways chairman, Mr. Eliud Mathu, had been misreported in Lusaka by Zambian Government radio and had merely spoken of the airline's capability of flying to countries south of Zambia, such as Lesotho and Botswana.

The permanent secretary in the Ministry of Power and Communications, Mr. D. W. Mwiraria, said flights to white-ruled states would start only "after these states are sovereign and free."

Vajpayee to visit Peking

By Our Own Correspondent

NEW DELHI, Oct. 2.

A MAJOR BREAKTHROUGH in Sino-Indian relations, which have been cool since the border war of 1962, is expected with the decision of the Indian External Affairs Minister, Mr. Atal Behari Vajpayee, to visit Peking for a week from October 30. He is going at the invitation of the Chinese Foreign Minister extended more than six months ago.

There is no formal agenda for the talks in Peking but India has insisted that the disputed Himalayan border between the two countries be discussed. The Chinese had let it be known that they want the border question set aside for the present but now seem reconciled to reopening the contentious issue.

Without this concession, Mr. Vajpayee would not have been able to go to Peking since Indian public opinion has been led to believe for more than two decades that the Chinese are occupying more than 12,000 square miles of Indian territory. Hence any talks that did not take up vacation of Chinese "aggression" would be impossible for any Indian Government to justify.

It is thought here that China's attempt to befriend India is due to two reasons. First, Peking wants to draw India away from the Russian sphere of influence and feels that the present Indian Government, unlike former congress Governments, is sincere about its declared policy of "genuine non-alignment." Second, China finds itself increasingly isolated in Asia because of border troubles with Russia and Vietnam and does not want to risk reopening another live front with India.

Sino-Indian relations have been bitter for a long time but have shown gradual improvement in the past 18 months or so. Ambasadors have been exchanged for the first time in two decades, trade has been resumed in a small way and many cultural and other delegations have been exchanged recently. The pace of the improvement is expected to quicken after Mr. Vajpayee's visit.

The Indian Government has made it clear, however, that improvement of relations with China cannot be at the cost of relations with any other country. To drive this point home, Mr. Vajpayee paid a short visit to Moscow a fortnight ago and was warmly received by senior Soviet leaders, including Mr. Brezhnev and Mr. Kosygin. There has been an increase in economic ties between India and the Soviet Union recently and the Soviet Union is India's single largest trading partner.

OVERSEAS NEWS

Syrians storm Christian stronghold

BY IHSAN HIJAZI

BEIRUT, Oct. 2.

UNDER THE HEAVIEST barrage of artillery fire this country has ever witnessed Syrian troops of the Arab peacekeeping force at dawn today stormed a militia stronghold in the Christian suburbs of the capital and rescued more than 20 of their soldiers who had been beseiged since Saturday.

The bombardment, with the heaviest guns the Syrians force possesses, began shortly before dawn and did not subside for more than three hours. A communique by the Syrian-dominated command of the Arab force said the barrage was discontinued once the soldiers, 10 of them wounded, were brought out.

The Christian militia, however, kept up their pounding of Syrian positions and the predominantly Moslem quarters of West Beirut. The shelling from Syrian positions last night was so heavy that practically every house in Christian East Beirut was hit, according to witnesses. The Christians put their casualties during the past 24 hours at 300 and claimed that the Syrians suffered 400 casualties.

The exchanges shattered a ceasefire which was arranged on Saturday after a day of intensive artillery duels.

The militias were today placed on full mobilisation and were reported to be massing at the east Beirut quarter of Doram.

A communique by the Syrian command warned them against any reckless action and threatened to retaliate strongly to protect the Syrian forces.

Former President Camille Chamoun, the main right-wing leader, said his militiamen were determined to fight until the last Syrian soldier had left Lebanon. Only an international initiative could end the Lebanese impasse, he said.

His remarks came amid speculations by diplomats that the United States might call for a Security Council meeting to consider sending UN troops to police the Lebanese Christian areas and to replace the Syrians there.

Some 6,000 UN soldiers are already on duty in Southern Lebanon close to the border with Israel. They were sent there after the Israeli invasion of the region last March.

President Elias Sarkis is expected to address a message to the nation shortly. Radio Beirut has been telling Lebanese to stand by for the message.

Mr. Sarkis threatened last July to resign after fierce clashes between Syrian troops and the Christian militias. He later took back the threat but was reported to have said that he would resign if the fighting recurred on a large-scale.

Much of the fighting during the past few days was in the vicinity of the presidential palace at the suburb of Baabda. Shells fell on the palace and the President is reported to have spent hours in the basement of his residence.

Reuter adds: President Elias Sarkis said in a broadcast today that he had decided to form a new Cabinet of political leaders to tackle the crisis. A new security plan would be implemented within 10 days to end the fighting.

The President said the deterioration of the security situation had exceeded all limits to the point where the foundations of the state were on the verge of collapse.

Mr. Sarkis deplored the results of the heavy fighting and said: "I have developed the conviction that this kind of suppression against groups of inhabitants or entire areas, whatever their reasons, is not an effective remedy."

Sadat appeals to Assad and King Hussein

BY ROGER MATTHEWS

CAIRO, Oct. 2.

PRESIDENT SADAT today made his most vigorous appeal yet to other Arab nations to join the Middle East peace process. In a speech lasting nearly three hours to the People's Assembly, Mr. Sadat urged these states to study the positive aspects of Camp David and to shoulder their responsibilities.

In a parallel development, Mr. Sadat issued a decree appointing Mr. Mustafa Khalil, former secretary-general of the now defunct Arab Socialist Union, as Prime Minister. He succeeds Mr. Mamdouh Salem, who had headed the Government since April 1975. Mr. Khalil joined Mr. Sadat's recently-formed National Democratic Party (NDP) yesterday, and his appointment forms part of an already announced restructuring of the Government.

Mr. Sadat said in his speech that the Middle East at last had the prospect of being able to reach a comprehensive agreement with Israel and to break loose from the shackles of past decades. He appealed directly to King Hussein of Jordan and to President Assad of Syria to join in the search for peace.

Mr. Sadat invited President Carter to be present in Cairo for the signing of the peace treaty with Israel. The American people should be proud of their President, he said, because he was among those world leaders who had changed the pattern of history.

The Egyptian leader said that negotiations aimed at reaching a peace treaty would begin soon and that he hoped total Israeli withdrawal from Sinai could be accomplished in a very much shorter time than the stipulated three years.

Egypt had achieved the fundamental principle of Israeli withdrawal from occupied territory and what applied to Sinai would also apply to the Golan Heights. It was now up to the Syrians to join talks that would lead to the recovery of their territory.

Mr. Sadat repeatedly said that there could be no comprehensive agreement without solving the Palestinian problem and that the Camp David accords were just the the first step on this road. He urged the Palestinians outside the West Bank and Gaza to stop squabbling among themselves, and to accept the opportunity that was offered.

Mr. Sadat avoided any direct personal criticism of other Arab leaders (apart from calling Colonel Muammar Gadaffy of Libya an "insane child." He tried instead to draw a link between Syria's difficulties in Lebanon and its association with the Soviet Union. Moscow, Mr. Sadat implied, was at the root of most inter-Arab problems.

Reuter reports from New York: Saudi Arabia has reassessed its initial rejection of the Camp David accords and now views the agreements as a major step towards peace, according to Newsweek.

The shift in Saudi Arabia's position, the magazine said, was disclosed in an interview with Saudi officials who accompanied King Khaled to Cleveland last week.

The Saudis also told Newsweek they looked favourably on the proposal for Palestinian self-government on the West Bank. But the Saudis told Newsweek they were determined to head off a separate peace between Israel and Egypt.

AP reports from Baghdad: President Ahmed Hassan al-Bakr of Iraq is sending a personal envoy to Syria to explain his proposals for countering the Camp David accords.

Flood fear for Bangkok

Serious flooding was reported in Northern Thailand and officials feared it could hit the Bangkok area within the next few days, Reuter reports from Bangkok.

Radio Thailand reported that floodwaters fuelled by two weeks of heavy rain were sweeping through several northern provincess, causing damage to major communication and road links and ruining large areas of rice-fields.

Officials in Bangkok feared that waters from the swollen northern rivers pouring into the main Chao Phya river might affect several provinces in the central area, including the capital.

Vietnam charge

Vietnam described Cambodia's stated readiness to conclude a peace treaty with Vietnam as "a trick of Cambodian leaders to conceal their hostile policy against Vietnam," AP reports from Bangkok.

Dalai Lama visa

The Japanese Government has instructed its embassy in New Delhi to issue an entry visa to the Dalai Lama, spiritual leader of exiled Tibetans living in India, a Foreign Ministry spokesman said in Tokyo, Reuter reports. The Government has decided to allow him to enter Japan for a six-day international Buddhist conference.

Japan reserves up

Japan's external reserves rose by $37m last month to $29.24bn, the Finance Ministry said in Tokyo yesterday, Reuter reports. The total was up from $17.8bn in September 1977, only just below the record $29.37bn held at the end of last July.

S. Africa still undecided on loan

BY QUENTIN PEEL

JOHANNESBURG, Oct. 2.

SOUTH AFRICA has yet to finalise a decision to return to the international capital market for a Government loan, Senator Owen Horwood, the Finance Minister, confirmed today.

Although the subject has been under discussion since the middle of the year, it is still only a possibility under consideration. Senator Horwood said, however, that he believed that the Government would have no difficulty in raising a credit or substantial loan if it decided to seek one.

The Minister was particularly optimistic about South Africa's current credit-rating and investment standing when he spoke at a news conference in Pretoria about his visit last week to Washington for the International Monetary Fund meeting, as well as talks he held in New York and Canada.

He also confirmed that the rand link with the dollar was being studied by the De Kock Commission of Inquiry into Monetary Affairs, and a decision might be made by the end of the year. He admitted there was considerable speculation in Washington about the rand-dollar link, which has eroded much of the benefit South Africa would normally have derived from the increasing gold price.

Senator Horwood claimed there was great interest overseas in investing in South Africa, not only by investment institutions, but also by industrial companies. He admitted that South Africa still needed foreign capital for development, in spite of its current favourable balance of payments. The balance of payments, combined with South Africa's good record in repaying foreign debts, meant that "our standing is good and our credit rating first class," he said.

The last time the South African Government issued a public bond on the international market was in February 1976, and the last syndicated credit was in October that year. The lack of any subsequent efforts at raising international capital has been blamed on the political climate.

Senator Horwood gave no indication of the likely decision on the rand-dollar link, but one weekend report in the South African Press, quoting "Good authority" and "top sources" in the delegation to the IMF, said an important announcement would be made by the end of the year — possibly within the next month.

The Afrikaans newspaper Rapport said that "in the long run it cannot be in South Africa's interests to be slavishly tied to the dollar. In future, there will be a big effort to make the rand more independent."

Mr. Gerhard de Kock, senior deputy governor of the South African Reserve Bank and chairman of the commission of inquiry studying the foreign exchange markets, was a member of the IMF delegation.

Senator Horwood pointed out that whereas six months ago foreign capital was available to South Africa for a maximum term of only two years, terms of five and six years were now being mentioned.

He said he found the possibility of sanctions being introduced against South Africa "very hard to envisage. I have strong reservations whether they could and would be applied, because of the favourable attitudes of some countries," he said. "I came back very encouraged."

Sri Lanka to limit strikes

COLOMBO, October 2.

PRESIDENT Junius Jayewardene of Sri Lanka announced today that his United National Party government will ban strikes in the public sector.

Mr. Jayewardene, who was inaugurating a seminar, also said that politically-motivated strikes in the private sector would not be permitted.

The government last week forced trade unions controlled by Trotskyist Communist parties and the Centrist Freedom Party of former prime minister Mrs. Sirimavo Bandaranaike to postpone a token general strike by declaring it illegal.

Organisers said the strike was to support demands for interim wage increases, restoration of food subsidies and democratic rights.

Stoppage of work in the public sector, which comprises 60 per cent of the economy, was a betrayal of the people's right to progress and a deprivation of the right of development, Mr. Jayewardene said. Reuter

Mervyn de Silva adds: describing the decision to call off last Thursday's general strike as a tactical retreat, Mr. Bala Tampoe, secretary of the Mercantile Union, told a Colombo rally yesterday, we must prepare better next time.

In a joint statement 17 opposition-controlled unions also condemned the government's use of "unlawful and undemocratic means" to break the strike.

MALAYSIAN TIN

Short-term boom, long-term decline

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S TIN mining industry is enjoying an unprecedented price boom. It is not uncommon to see tin companies declaring 100 per cent dividends; a few have been doing so for several years. But behind this facade of financial success lie serious problems.

The industry is steadily shrinking. Until recently tin was the second pillar of the Malaysian economy after rubber, but this year it has been relegated to fifth or sixth position in terms of foreign exchange earnings.

Last year's production of 58,300 tonnes was the lowest in 15 years. Investments in the industry are down to a trickle. It is not that miners do not want to invest. There are simply too few opportunities for putting their cash to productive use—hence the high dividend pay-outs.

Existing tin fields are being rapidly exhausted, new mining land is not made available for exploration and exploitation, and mining leases are renewed only with new conditions.

The crux of the situation lies in the implementation of the Government's "new economic policy," the objective of which include the attainment of 30 per cent Malay ownership and control of the corporate sector.

Until recently, the tin industry has been almost exclusively non-Malay, with the Chinese dominant in the gravel pump mines, and the foreign companies (mainly British) operating the tin dredges.

As tin is a non-renewable resource, it is one of the priority areas of the new economic policy. But the problems faced by miners are multiplied because land and mining fall under the jurisdiction of individual states, each of which has its own policy.

A landmark was reached with the formation of the Malaysian Mining Corporation (MMC) to take over the tin companies of the former London Tin and Charter Consolidated groups.

> Despite the high dividends being paid by Malaysian tin companies, all is not well in the industry, with output and investments on the decline. The root of the problem is the Government's attempt to bring about greater Malay participation in the economy, aggravated by a plethora of policies in the individual states.

The Government-sponsored Pernas organisation owns 71 per cent of the MMC, with Charter holding 29 per cent. With the merger, MMC becomes the world's biggest tin mining conglomerate, accounting for a quarter of Malaysia's tin output.

Mining companies have accepted that they must take in Malays or the State Economic Development Corporations as partners in any new venture. The problem is that individuals and corporations often do not have the money to buy up the 70 per cent equity demanded.

Mining companies also feel it is unfair that they alone should be expected to shoulder the exploration risks and then allow Malay partners to come in when a project is proved viable.

Among the states, the Selangor Government has taken the lead to get involved in mining. Its mining arm, Kumpulan Perangsang, is involved in mining on its own, as well as in a partnership with Conzinc Riotinto, to work 1,400 acres of mining land in Ulu Langat. Negotiations are under way with MMC (looking after Charter's interests) for a joint venture to exploit the massive tin reserves in Dengkil.

The Selangor Government has laid down a new set of rules on leases which discriminates against foreign companies. Expiring foreign company leases will be transferred to Perangsang, and the company concerned can apply for a sub-lease from Perangsang in return for a tribute, calculated on various criteria.

"What this means is they are putting a new tax on foreign-owned mines," says a miner: "I hope other states won't take up the cue."

In new mining ventures, foreign companies are allowed a 30 per cent stake at most.

Miners also complain bitterly about taxes, which they have described as "penal," "crippling" and "punitive," taxes can cream off 70 per cent from profits.

The industry was assured of some concessions last year, and was disappointed when the budget proposals gave financial relief only to marginal gravel pump mines, while the efficient and more productive dredges ended up paying more.

The industry has submitted another memorandum to the Treasury this year, and hopes to get a better deal. The position is the classic "chicken or egg" situation. While miners complain about crippling taxes, they still make large profits.

At the same time, high taxes and the difficulties in obtaining new mining land are proving a disincentive to new investments, with the result that the industry is declining.

To get round this, the industry has suggested a progressive tax to discourage high dividend payout. But to attract investments, the industry says, new mining ventures should be spared the "punitive" taxes until they are on their feet.

AMERICAN NEWS

Chrysler raises 1979 car prices by average 4.2%

BY STEWART FLEMING

NEW YORK, Oct. 2.

CHRYSLER CORPORATION, third largest of the U.S. car manufacturers, fell into line with the industry's leaders today and announced an average increase of 4.2 per cent in prices for its 1979 models which are now appearing in the showrooms.

Earlier General Motors, the industry leader, announced that it would raise its prices by an average of 4.1 per cent or $302 per car. This brings the average showroom price of a GM car to $7,667. Ford, the industry number two, has already indicated that it will follow suit.

Chrysler in announcing the increases, which it put at $273 a vehicle on average, said that the prices were in line with President Carter's effort to achieve deceleration of price increases. The company added that it would continue to make every effort to meet the goals of the President's price deceleration programme.

It claimed that the prices announced today only partially offset increases in the costs of materials, plant modernisation, and labour incurred with the introduction of the new models.

The rise means that a new car in the U.S. will cost about 6 per cent more than at the same time last year, because the major producers had already increased prices by 2 per cent.

Their ability to raise prices has been helped, particularly with the smaller models, by the decline in the dollar which has resulted in rising prices for imported rivals. Last year, too, the industry raised prices by about 6 per cent.

A question still hanging over the companies, however, is the strength of the market in 1979. Some forecasters are expecting demand for cars, which has been at near record levels this year, to slacken in 1979, and that could put pressure on dealers to offer discounts. So far, however, these predictions of weakening demand have not been fulfilled.

Heavens open on Carter's birthday

By Jurek Martin

DISNEYWORLD, Oct. 2.

YOU CAN tell the tide is turning for President Jimmy Carter. There he was last night, on his 54th birthday, standing on a huge stage in front of the extraordinary chocolate box confection known as Cinderella's Castle, centrepiece of the improbable resort complex known as Disneyworld, addressing, of all improbable people, an audience of several thousand international businessmen.

He had been giving his listeners, delegates to the 26th meeting of the International Chamber of Commerce (ICC) what might be described as the corporate version of his old campaign speech—that is, the need for more morality and responsibility in the boardrooms — and he had been delivering it in reasonable style. He had even managed the only joke of a solemn and oppressively hot Florida evening. He was very glad, he said, to be visiting Fantasyland, "because it is a source of inspiration to my economic advisers." The crowd was mildly amused.

The President finished his speech, waved and disappeared into the inner recesses of Cinderella's Castle, on which remarkable facade floodlights were playing in ever-changing coloured patterns. As he did so, and as the Disney trumpeters, garbed in heraldic uniforms, played their umpteenth fanfare of the evening from the turrets, the heavens opened with the most violent of tropical thunderstorms.

Not even the fabled efficiency of the Disney staff, who had umbrellas in everyone's hands within minutes, could save the audience from a drenching. The point is that a few weeks ago, before Camp David, it would have been a stone-cold certainty that the rains would have come while the President was in full oratorical flight.

Mr. Carter came to Florida yesterday not to make news but to enjoy his birthday and capitalise on his resurgent popularity. While touring the National Aeronautics Space Administration (NASA) facilities at Cape Canaveral (NASA was also celebrating an anniversary, its 20th, yesterday), he let drop that the U.S. had its own spy satellites—thereby publicly admitting what has been common knowledge for years. And in his speech to the ICC Conference, he ran through the principal themes of his economic policy, again without saying anything new.

Mr. Carter did not even engage in much overt hard politicking, as he did a week ago in the Carolinas, Ohio and Pennsylvania, though he was accompanied by the usual retinue of Democratic members of Congress from Florida. For once, he was revelling in the perks and privileges that come with the presidency; but these are activities which, when exhaustively reported by the local media, can be translated into votes come election time.

Mr. Carter also showed yesterday, in undemanding circumstances, that he has not lost his 1976 knack of appealing public performance. He seemed at ease in both those twin monuments to different forms of American enterprise — NASA and Disneyworld — grinning a lot and occasionally shirtsleeved, dutifully reverential and humorous by turns, and communicating his own sense of enjoyment.

Disneyworld is a remarkable place. Whatever one's opinions of its aesthetic qualities, it obviously attracts more people than it repels. It is also attracting (and possibly repelling) more and more influential people. The Saudi Arabian Finance Minister, for example, came here on holiday in August—and conducted urgent talks on the dollar with the Secretary of the Treasury in the process.

The businessmen here for the ICC conference can be seen wandering round the hotels and amusement facilities with a certain wide-eyed wonderment on their faces.

Chancellor Helmut Schmidt of West Germany and Prime Minister Malcolm Fraser of Australia, however, decided in the end not to attend this week's conclave, probably because of pressing business at home, but possibly because they were concerned at the potentially adverse consequences for both their aesthetic sense and their public image. After all, it takes a man like Jimmy Carter, feeling on top of the world just now, not to mind being seen in the company of Mickey Mouse and Donald Duck.

Congress bid to solve tax aspects of energy plan

BY DAVID BUCHAN

WASHINGTON, Oct. 2.

MEMBERS of the two Houses of Congress are trying to thrash out their differences on the tax aspects of President Carter's energy programme, in time for the whole package to be voted on before Congress adjourns in two weeks' time.

Principally at issue is the maximum $400 tax credit for home insulation, which both the Senate and House of Representatives have separately passed, but which Senate members are not apparently urging be dropped in favour of expanded income-tax cuts.

The credit, designed to encourage better insulation and installation of other energy-saving devices, is one of the few remaining parts of the proposals made by Mr. Carter last year to use the fiscal means to encourage energy conservation.

His proposals for a tax on crude oil and an increased tax on gasoline got nowhere in Congress.

It is, however, probable that Congress will agree to a tax on so-called "gas guzzler" cars. But this will not include Mr. Carter's accompanying proposal for a rebate on cars with better than average mileage to the gallon.

Death penalty move fails

BY DAVID BUCHAN

WASHINGTON, Oct. 2.

THE SUPREME COURT today rejected appeals challenging the constitutional validity of Utah's death penalty law. The appeals were brought by five prisoners facing the death penalty in that state.

The Utah law was held to be broadly similar to capital punishment laws in Georgia, Florida and Texas which the Supreme Court had previously upheld.

It provides for a separate sentencing trial to decide whether the death penalty or a life prison term should be imposed and for automatic review of a death sentence by the Utah Supreme Court.

In a burst of activity, the Supreme Court today issued orders on some 800 cases as it returned from its summer recess.

It rejected a Government appeal which argued that federal safety laws prevent the dismissal of a worker who refuses to perform a job under high risk conditions.

It also refused to reconsider a previous ruling allowing police with warrants to make surprise searches of newspaper offices

Rise in imports hits Mexican current account

By William Chislett

MEXICO CITY, Oct. 2.

MEXICO'S current account balance of payments deficit in the first half of this year amounted to $596.5m compared with $337.1m in the same period last year, according to official figures released by the Bank of Mexico.

The deficit for the second quarter amounted to $586.9m, more than twice as much as the same period last year, when the deficit was $260.9m.

It is unofficially estimated that the deficit will grow to $2.4bn by the end of the year (1977 was $1.7bn). This reflects an import boom resulting from the general economic recovery after the 1976 devaluation of the Mexican Peso.

Industrial production rose by 2.3 per cent in 1977 and this year an 8 per cent rise is being confidently predicted.

The latest foreign trade figures showed a deficit in June of $242.6m, compared with $102.5m in June 1977.

Other statistics released by the Central Bank revealed a 1.6 per cent increase in the consumer price index in July.

Venezuelan oil fall

CARACAS, Oct. 2.

VENEZUELA's oil output reached an average 2.12m barrels per day in the first three-quarters of this year—a 6.88 per cent fall on the same period in 1977, the Venezuelan Energy Ministry said. Reuter.

THE GAMBLING INDUSTRY

The tills are ringing in Reno 'the biggest little city in the world'

BY MAURICE IRVINE, RECENTLY IN RENO, NEVADA

LAS VEGAS traditionally has taken the lion's share of profits from this desert state's $2.25bn-a-year gambling industry. But suddenly the high-rollers of hotel-casino investment have begun putting their chips on on Nevada's other neon-bright gaming centre, Reno, 444 miles, and a mere $31 by air, to the north.

"The Biggest Little City in the World" is western America's new boom town. Ten new or expanded hotel-casinos opened this year. Some $500m has been spent on new construction, with the monolithic Reno MGM Grand leading the field. There is a Circus-Circus, a Sahara Reno, a Comstock—all new—plus a $200m extension to Harrah's, Reno's leading gambling and entertainment enterprise (net profits at a record $16.9m last year), and much more.

The present total of 15,000 hotel rooms is expected to increase to 25,000 over the next six years, and the area's population to rise from 180,000 to more than 230,000 by 1980. An army of workers has flowed in from cities throughout the West.

For most of this, Reno must thank MGM, which hopes to duplicate the success of its huge Las Vegas hotel-casino. Since its opening in 1973, the MGM Grand-Vegas has helped the once-ailing company to soaring profits—$30.9m for the first nine months of the fiscal year, up 46 per cent over the same period last year—and sent its stock from under $5 a share to around the $35 mark.

When the MGM lion decided to roar in Reno, everyone wanted to join in the chorus. And not only the gambling chiefs. Macy's and J. C. Penney have moved in with new stores and warehouses. New "super-size" (meaning more than 100 shops and restaurants) shopping centres are blossoming, and the MGM Grand complex alone has added 40 retail businesses to the area.

As for the $131m Grand itself, it is billed with some justice as "not just a hotel, but a city." The 26-storey building has 1,015 rooms and suites, a staff of 3,600 its own bus terminal, handling 1,500 visitors a day and "the world's largest casino." The stage of the gaudy 1,800-seat Ziegfield Room is big enough to hold a DC9, as indeed it does during one act of the nightly extravaganza "Hello, Hollywood, Hello": a mock-up of the aircraft provides a backdrop to a chorus line of "stewardesses" in gold bikinis.

And, since Reno is the wedding (and divorce) capital of the West, the hotel has its own marriage chapel, adjoining the casino, where budget nuptials, including minister and music, start at $50. Bridal suites with circular beds and mirrored ceilings come at $61 a day. Newlyweds pose for pictures in the hotel mall with Leo, a 500 lb lion, at $15 a snap.

The tourists love it all, and Reno expects a record 10m visitors in 1978. But the bonanza has brought with it a string of social woes and urban ills. "Everyone was yelling for growth for 10 years," says Mayor Bruno Menicucci, who led negotiations with an MGM business entourage headed by actor Cary Grant. "But now it's here they're getting upset."

Reno's most immediate problem is a housing shortage. The influx of workers—11,000 new casino employees alone—has sent rents soaring. But with a vacancy rate of less than 1 per cent, there is scarcely a room to rent in the entire valley. Along the Truckee river, tent cities flourished until health and sanitation problems forced a crackdown by local authorities. Now hundreds are living in the public camping grounds that ring the city, commuting to work from tents and trailers. Some hotels offer staff free housing; but that often means "hot-bedding," or sharing room and bed with others working different shifts. "The sheets don't have a chance to get cold," a maid explained.

So acute is the shortage that trailer-park owners have evicted long-time residents in order to gouge the newcomers, and also to collect a $500 bounty offered by mobile-home dealers. A grand jury inquiry has begun into kickbacks paid by these salesmen for rights to spaces for their new-rich customers.

With unemployment fluctuating around a record low of 2 per cent, inflation is rampant. "I make $30 a day as a maid," said a California woman, "but even sharing with another girl I can't afford the good life I had in Los Angeles."

However many workers flow in from Texas, California and the Mid-west, supply never seems to catch up with demand. Hotel marquees that once advertised entertainers now use their neon to offer inducements—free meals, free lodging, free parking. One cab company offered its drivers free petrol in a vain attempt to lure workers from lucrative casino jobs.

Reno also seems destined to pay a long-term price for growth. Crime rates are already inching upwards. Violent robbery and assaults were up 35 per cent in the first six months of this year. Schools are overcrowded, traffic congested, smog growing worse by the week, and the city's sewer capacity strained to breaking point. And because Reno fails to meet U.S. air quality standards, federal funds to help finance a larger sewage plant are in jeopardy.

Many local people, including some city planners, are criticising Mayor Menicucci and the city fathers for unleashing this orgy of growth in so short a time. Citizens' committees are being formed in an attempt to regulate runaway development.

But the men who run Reno are pleased with what they have wrought and confident that troubles can be overcome. "MGM is working with the community to help solve these problems," says the Mayor. However, with three airlines increasing flights and lowering prices, and 10 others seeking the Civil Aeronautics Board's permission to service the city, the problems are going to get worse before they get better.

Fears were expressed that the MGM colossus would put smaller rivals out of business. That does not seem to be happening. "MGM is bringing people here we never saw before," said Mr. Lloyd Dyer, president of Harrah's. "More hotels and more entertainment mean visitors stay longer in town. It'll be like Vegas, the more casinos there are, the more money gets spent."

Besides, said Mr. Dyer, "MGM are far from the only people expanding." Harrah's, for long supreme in the Reno-Lake Tahoe area is considering a major hotel-casino operation in Las Vegas, to compete with MGM on its home ground. "Our name," said Mr. Dyer, "would guarantee success."

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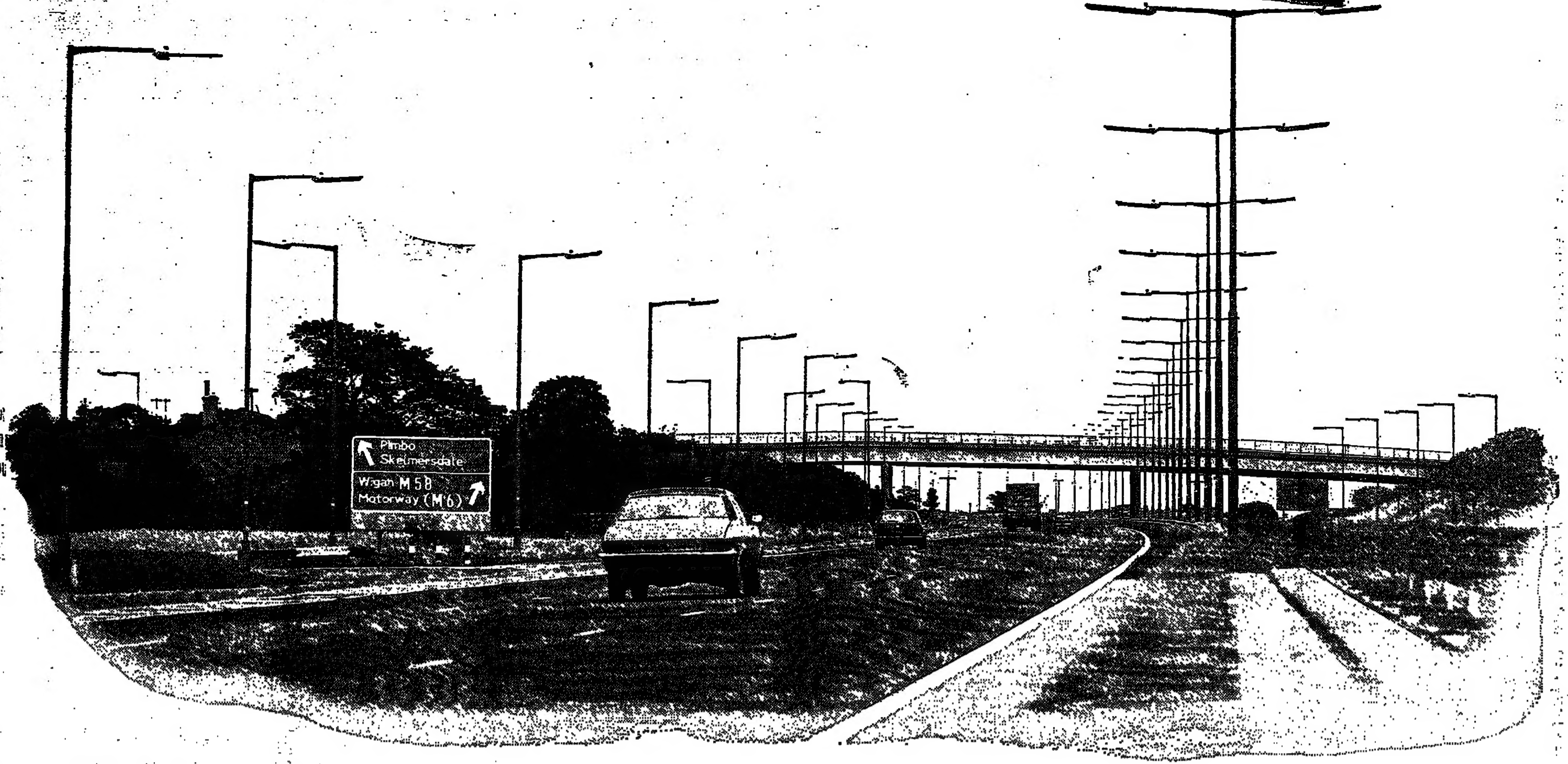


WORLD TRADE NEWS

GISCARD'S BRAZIL VISIT

A delicate bridging operation

BY DIANA SMITH IN RIO DE JANEIRO

FROM OCTOBER 4 to 8, President Giscard d'Estaing will be in Brazil, epitomising, with his presence the growing interest his country is showing in the nation that is now France's largest Latin American trading partner.

Franco-Brazilian trade and business ties were given a boost in 1976 when Brazil's President Ernesto Geisel paid an official visit to France. The joint communique that emerged from his talks with President Giscard d'Estaing stressed that 'Brazil's rapid development and France's high industrial and technological levels are creating new domains of mutual interest and cooperation."

At both Government and private business level, the French have worked hard in the past two years to make up ground they lost to West Germany and Japan. While France was concentrating on its own industrial problems and on consolidating relations with its former African colonies, the West Germans and Japanese latched onto Brazil's growth potential and strengthening markets and pumped in investment or negotiators in search of lucrative deals.

In 1975, two-way Franco-Brazilian trade totalled $695m but, by 1977 it had risen to $851m. In 1976, French investment in Brazil totalled $326.21m; by the end of 1977 the figure had increased by over 31 per cent to $430m, making France Brazil's sixth largest foreign investor. By June of this year French investment had reached $511.7m of which $268.2m was new investment and the rest re-investment. Over 78 per cent of this investment is in the processing industries.

The communique set out the main areas where this mutual interest could be developed: hydroelectric projects, where Creusot-Loire and Empain Schneider have already received orders for the Itaipu, Tucurui and Itaparica major schemes, petrochemicals, where Rhone-Poulenc's Brazilian branch, Rhodia, is already active and will make further investments, and where Technip of France has been commissioned for the basic designs of Brazil's third petrochemicals complex to be built in the south; and oil prospecting with French concerns like ETPM supplying and installing offshore platforms while Elf-Aquitaine is drilling offshore under risk contracts.

Other areas of potential development included railway materials — Sacm-Melouse and Geismar are supplying rolling stock for the Sao Paulo suburban line, and French companies such as Cie Generale d'Automatisme, Albertele, Alsthoun and Sofaetu are supplying sophisticated electronic equipment for Rio de Janeiro's future $900m underground.

President Giscard d'Estaing's visit to Brazil, beginning tomorrow, highlights France's drive to make up lost ground in meeting the country's growing demand for major developments, from hydroelectric projects to uranium processing.

French activities in Brazil are not limited to these fields: Rhone Pulenc-Rhodia has been operating here since 1919 in textiles, chemicals, pharmaceuticals and other areas, Saint Gobain's local operations cover glass, metallurgy and fibro-cement, Aerospatiale recently formed a joint venture with the Minas Gerais state government and Brazilian aviation concerns to produce Lamma and Ecureuil helicopters locally.

In the minerals sector Charbonnages de France will supply technology to increase Brazilian coal production from the present 6m tonnes a year to 20m tonnes a year, while Pechiney Ugine Kuhlmann has a contract with Brazil's nuclear agency, Nuclebras, to set up the yellow cake uranium processing unit in Pocos de Caldas, Minas Gerais State, the site of Brazil's native uranium reserves.

Technology or equipment for Brazil's ambitious nuclear energy programme is often cited as the focus of major French interest—but it is one in which French officialdom treads with extreme delicacy.

Brazil has a nuclear energy agreement with West Germany which, if carried out to the full, would involve an outlay of at least $13bn on eight nuclear plants, using the jet nozzle process. This agreement comes under constant fire, both domestically and abroad, for political, technical and financial reasons. As President Giscard d'Estaing's visit approaches, speculation that Brazil might eventually opt for French fast-breeder reactor technology has reached boiling point.

That Brazil is interested in fast breeders is attested to by statements of some Government Ministers to this effect (which are later retracted). All this has put French diplomats in a position where they must maintain that "France is not seeking this business but, if a concrete proposal is made, it will be examined."

In view of France's joint development of fast breeders with West Germany and the controversy in France over the fast breeder programme, it may be that M. Giscard d'Estaing will skirt round this complex question during his talks with President Geisel.

Equally complex and delicate is the question of Franco-Brazilian technological co-operation in the area of telecommunications satellite rocket launchers or military aircraft and missiles. This area is of considerable potential now that the U.S.-Brazilian military agreement has been revoked.

Brazil already owns 16 Mirage 3 jets and has hinted it is in the market for air-to-ground missiles —a field in which France is well-able to compete, as it is in satellite-launchers. But representatives of the French aeronautical industry make it clear that there is nothing concrete in the offing.

Before that mutual interest could mature into concrete deals, however, the French, would have to cope with awkward political obstacles, not least deep-seated concern in many countries that Brazil, given the necessary means might not refrain from aggressive use of ultra-modern military or nuclear materials — no matter how angrily Brazilian officials deny such ambitions.

Because of persistent speculation about the more intricate aspects of potential Franco-Brazilian co-operation, officials have been anxious to stress the low-key nature of President Giscard D'Estaing's visit to Brazil —a visit made at a time when President Geisel's Government is winding down its tenure and many factors are in semi-suspension awaiting the advent of his successor, General Joao Batista Figueiredo, who takes office in March, 1979.

In this context, M. Giscard d'Estaing's journey here could be interpreted as a bridge between activities that have already been consolidated and those yet to come — in the non-controversial areas of solar energy, port and airport works, agricultural improvements and further supplies of heavy equipment.

U.S. textile resolution 'is a threat to GATT'

By David Buchan

WASHINGTON, Oct. 2.

A SENATE resolution, passed last Friday, barring the U.S. from offering tariff cuts on textiles, could have a "devastating" effect on the current GATT negotiations in Geneva, Mr. Robert Strauss, the chief U.S. trade negotiator said yesterday.

The European Community, in particular, has made it clear that it will not agree to any better tariff treatment of American agricultural exports in the MTN negotiations unless the U.S. makes some concessions on textiles. A better deal for its farm exports is a key Carter Administration priority, while Mr. Strauss's officials admit that U.S. textile tariffs, especially on wool goods, are high.

The Senate amendment's sponsor, Senator Ernest Hollings of South Carolina, a major textile manufacturing state, said it was needed to stop the "haemorrhage" of imports into the U.S., which this year might lead to a net deficit on textiles of $5.2bn. In fact, many of the quantitative aspects of the world textile trade were dealt with when the Multi Fibre Arrangement (MFA) was renewed last year, but the issues of tariffs, subsidies and rules of origin were left to this year's MTN talks.

Despite the easy passage of the Hollings amendment, which was tacked on to the Export-Import Bank Bill, the Administration still hopes that the House of Representatives will vote down a similar resolution, sponsored by Congressmen from North and South Carolina. It will argue that these two states in particular stand to gain very considerably from European tariff concessions on U.S. tobacco exports.

Washington presses EEC to check steel invasion

BY ROY HODSON

COLORADO SPRINGS, Oct. 2.

TALKS ARE going on between three U.S. Government departments and the European Economic Community towards a solution to the problem of the high volume of European steel now being sold into the United States market.

The Treasury Department, the Trade Department and Mr. Robert Strauss's Office for Special trade negotiations are all involved in putting the pressure upon the Community to check the rising inflow of European steel which is upsetting the U.S. market and causing anger among U.S. steelmakers.

According to U.S. Government sources the West German industry is leading the European invasion with exports to the U.S. up 72.5 per cent in the first eight months of 1978 compared with the same period in 1977. Other EEC countries have increased their market shares in the same period as follows: Holland 50.9 per cent, Italy 50.2 per cent, Belgium and Luxembourg 47.4 per cent, France 24.9 per cent and the United Kingdom 1.5 per cent.

But Mr. Anthony M. Solomons, under secretary of the U.S. Treasury, who spoke here today to the International Iron and Steel Institute annual conference, denied that he had discussed with the Community any proposal that there should be an orderly marketing agreement on steel between Europe and the U.S.

The British Steel Corporation which accounts for the bulk of British sales of steel to the U.S. is in a special position in this imports row. Because of a series of anti-dumping complaints filed against its products by U.S. steelmakers the Corporation partially withdrew from the U.S. market reducing its sales for 1978 to only 350,000 tonnes.

The Americans have responded by gradually withdrawing the complaints. The last one was withdrawn at the weekend by Armco Steel. However, British Steel leaders attending the conference have made it clear that the corporation will not use its new found freedom in the U.S. market to try to achieve short term trade growth.

The United States Government trigger price system, which is now just four months old, is regarded by the steel companies as a disappointing failure. If September and October import figures from Europe persist at high levels the Government intends to review its demand for a tougher Government policy towards steel imports.

Mr. George Stinson, chairman of National Steel, said here today that a reasonable level of steel imports into the U.S. would in his opinion be between 10 and 12 per cent of the market. The U.S. Treasury he said was asking the steel industry to accept 14.5 per cent. The current level of steel imports into the U.S. is nearer 20 per cent of the market.

Mr. Stinson gave warning that his company had researched a series of anti-dumping complaints against foreign steelmakers and he was ready to activate them immediately. They would have an instant impact upon European steel sales.

The U.S. steelmakers would prefer to secure a tougher anti-dumping legislation to protect their home market, but if the Government will not support them they are interested, as an alternative, in extending the trigger price system to give it more power.

David Buchan adds from **Washington:** The Administration has asked Congress to give it authority to waive retaliatory duties on imports believed to be subsidised for another year. As the present trade law stands, the Administration will automatically have to put countervailing duties on a number of EEC agricultural exports—a matter of grave concern to the European Common Market countries — from next January.

Up to now, the Administration has protested that many EEC farm exports are heavily subsidised but has taken no retaliatory action while it is still trying to negotiate an end to the subsidies in the MTN. But as additional leverage on the EEC, the Administration tied its request last week for authority to waive duties until January, 1981 to a stipulation that by the end of the year there must be a basic GATT agreement in Geneva, and it must include a provision on subsidies.

Eurofer sees slowdown

BY GILES MERRITT

BRUSSELS, Oct. 2

A SUBSTANTIAL slowdown in the flow of EEC steel into the US is being forecast here for the last four months of this year.

According to Eurofer, the "club" that groups the major European steelmakers, the sharp increases in steel exports to the US that occurred this summer will be counterbalanced by falling sales up until the end of this year.

Estimates prepared by Eurofer suggest that total EEC steel exports to the U.S. will reach 6.5m tonnes against 6.2m tonnes for 1977. The Eurofer figures imply a drop in the rhythm of sales to the U.S., with only around 1.8m tonnes being sold there by EEC producers during the September-December period, against 4.66m tonnes during the first eight months of the year. During July and August EEC sales to the U.S. totalled over 1.4m tonnes.

It is hoped in Brussels that the expected decrease in European steel exports will allay the U.S. industry's continuing fears of being damagingly undersold in its domestic market. Eurofer pointed out today that this year's total export level will not greatly exceed that of 1977, despite very strong U.S. demand.

At the safe time, Eurofer is currently emphasising that steel exports to the U.S. from non-EEC or Japanese producers will hit a new record of approaching 6m tonnes this year against about 4m tonnes in 1977, and less than 2m tonnes in 1975.

MITI tells Japan's car industry to cut shipments to Britain

BY CHARLES SMITH

TOKYO, Oct. 2

JAPANESE MOTOR manufacturers have been told by the Ministry of International Trade and Industry to reduce their car exports to Britain during the coming months. The reductions in shipment levels could be fairly sharp and may well result in a shortage of Japanese cars for sale in the UK.

The cutbacks order issued in the form of "administrative guidance" is designed to reassure the British Government that MITI intends to honour its pledge not to let car exports to Britain exceed 1977 levels. Last week the British Ambassador to Japan, Sir Michael Wilford, requested such assurances in an interview with the Minister of International Trade and Industry, Mr. Toshio Komoto.

Sir Michael also apparently asked Mr. Komoto to try to persuade the Japan Automobile Manufacturers Association (JAMA) to send a mission to London for talks with the Society of Motor Manufacturers and Traders (SMMT). SMMT has been trying for some months to arrange a meeting with JAMA but the response so far has been distinctly unenthusiastic.

A spokesman for JAMA told the Financial Times this afternoon that the association probably would send a delegation to London for talks with SMMT "some time in November." JAMA, however, understands that the purpose of the meeting will be to discuss "market prospects" in the UK in 1979, not to negotiate an agreed limit for Japanese car exports next year. The London meeting could be of great importance in determining whether or not more frictions crop up over Japanese car exports to the UK during 1979.

JAMA and SMMT held periodic talks about the UK car market up to February this year when a meeting between the two sides ended with what appeared to be lack of agreement on an SMMT demand for Japanese export restraint during 1978. Following the SMMT-JAMA talks discussions were held between the British Embassy in Tokyo and MITI at the end of which MITI drafted a letter undertaking to "freeze" Japanese car exports to Britain in 1978.

After the MITI letter was written monthly shipments figures for Japanese cars began to show signs of levelling off but the total for the first eight months of 1978 remained well above the 1977 level. Sales (from stocks accumulated before the MITI letter was written) rose even faster and exceeded the level for the whole of 1977 by mid-September. It was in this situation that the British Government decided to make a fresh approach to MITI for "assurances" that the situation was under control.

Reuter

Hitch in French Fokker talks

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 2.

FRANCE HAS refused to give firm guarantees that it will share in the development costs of the Fokker-VFW F-28 super jet airliner. This emerged here after the return of a Dutch Parliamentary Commission from Paris. French participation in the F-28 super—now renamed officially the F-29—is seen as part of a package deal under which Holland would order French aircraft to replace its fleet of reconnaissance Neptunes.

Fokker has long expressed a preference for the French aircraft—the Breguet Atlantique—against its competitor the Lockheed Orion despite the fact that the Atlantiques will cost about Fl 64m each against Fl 40-45m for the Orions. This is because the French have in return offered to order 12 Fokker F-27s for use by the French Navy as trainers and also expressed interest in participating in the F-29.

The French refusal to give firm assurances on the F-29 may increase the Orion's chances. Fokker confirmed reports that it is also talking with Lockheed about the possible co-operation on the F-29. Until now an offer to allow Fokker to carry out the final assembly of the Orions has been as far as Lockheed was prepared to go in offering compensation work.

In a statement today, however, Fokker said a working group is still studying the final "definition" of the F-29 and that until its work is completed no decision can be taken on who will take a risk bearing share in the development of the aircraft.

The French are also pressing for Fokker to be a full partner in the Airbus A310. Fokker has a 6.9 per cent share in the Airbus A300. Fokker wants the smaller share in the new generation Airbus beuase of the high development costs involved, a spokesman said. But it would still be a risk sharing partner in the new aircraft.

Irish alumina financing

FINANCIAL TIMES REPORTER

EXPORT CREDITS totalling about $58m have been arranged by the Bank of Ireland with Allied Irish Investment Bank and Citicorp International for the proposed alumina extraction plant at Aughinish Island in County Limerick.

This completes the financing for the project which will be the largest ever to be undertaken in Ireland. An export credit facility of around $146m was signed in February, the funds being provided jointly by a syndicate of UK banks co-ordinated by Morgan Grenfell and backed by the Export Credits Guarantee Department (ECGD), which put up £60m, and the Export Development Corporation of Canada which is supplying C$130m. This was followed by the announcement in May of a ten year $250m Eurodollar loan provided by a group of 16 international banks led by Citicorp International and signed in London yesterday.

Aughinish is a joint venture company owned by Alcan Aluminum, Dutch Shell's Billition subsidiary and Atlantic Richfield's Anaconda company. The alumina plant will be in production in 1982 and will produce 800,000 tons of alumina a year from bauxite imported from Guinea in West Africa and from Brazil.

World electrical sales up

BY GUY HAWTIN

FRANKFURT, Oct. 2.

THE WORLD electrical market was worth DM 800bn ($413.44bn) last year, and by 1980 this figure will have risen to DM 900bn. These figures, produced by Siemens, West Germany's largest electrical concern, illustrate the sharp rate of growth in the market since 1960 when the world market for the industry was worth only DM 200bn.

According to Siemens, West Germany accounted for 8 per cent of the world market, while the European Economic Community as a whole accounted for 22 per cent. This is considerably smaller than the United States and Canada which, together, provide 29 per cent of the world market.

Japan's growth rate has been particularly fast—rising from a figure of 6 per cent in 1965 to 1977's 13 per cent.

The Siemens statistics indicate that European electrical manufacturers will have to step up exports considerably in order to maintain their current position in the world sales league. In the eight years up to 1985 the growth of the European market —their home base—is likely to be relatively slow.

Beecham challenges drug patent ruling

BY KEVIN DONE

THE BEECHAM GROUP is taking its long-running legal battle with Bristol-Myers, the U.S. pharmaceutical company, to the Court of Appeal.

It is challenging an unfavourable decision earlier this year by the Patent Court, suspending Beecham's patent for the antibiotic, amoxycillin. The patent was granted in 1977.

Whichever company wins the next round, the dispute is unlikely to be settled finally until the case is heard by the Lords.

Beecham was the most actively traded share on the stock market yesterday, after rumours of an unfavourable court ruling overseas. The company denied the rumours.

The share price closed 10p down at 705p, after falling as low as 690p.

Beecham has been involved in legal actions with Bristol-Myers for several years in an attempt to protect its interests in amoxycillin, a broad spectrum antibiotic launched on the UK market in 1972. The drug can be used in a wide range of bacterial infections, including bronchitis and kidney and liver diseases.

This latest legal move concerns an action begun by Bristol-Myers contesting the amoxycillin patent granted to Beecham in 1977. Bristol-Myers appealed against the granting of the patent and the Patent Court ruled in its favour in July.

Problems between the two companies have arisen from a manufacturing and marketing agreement reached in 1959.

Beecham had made a major breakthrough with the development of semi-synthetic penicillins, but at the time needed assistance in setting up the manufacturing process. The necessary expertise was supplied in part by Bristol-Myers, which in return was given manufacturing and marketing rights in certain countries.

Last autumn the House of Lords ruled in Beecham's favour in another action, by confirming that amoxycillin was not included under the 1959 agreement.

Since losing the licensing case, the U.S. company has turned its attention to challenging the legitimacy of Beecham's patent for amoxycillin in about 12 countries, including the UK. The only country where the case has been resolved is Japan, where the final ruling was in Beecham's favour.

In about eight countries, Beecham itself has taken action, alleging infringement of its patents. It has been facing increasing competition from unlicensed sales in some markets.

Pressure fault hits Brent oil pipeline

BY KEVIN DONE, ENERGY CORRESPONDENT

SHELL/ESSO has hit further problems in the commissioning of the 96-mile-long oil pipeline running from the Brent complex of North Sea fields to Sullom Voe in the Sheland Islands.

Shell said yesterday that pressure-testing of the pipeline had been suspended after a sudden, unexpected drop in the pressure of water being forced through the line.

Engineers have started to check the cause of the drop, but it could be some time before this is established.

Crude oil from the Dunlin Field is scheduled to flow along the pipeline later this month to Sullom Voe, which will eventually become the biggest oil terminal of its kind in Europe, providing about half the UK's crude oil needs.

At the weekend, Shell cleared another problem—an obstruction inside the line left over from the construction period.

The latest difficulty could be simply a problem with either pumping equipment or safety valves along the pipeline. A more serious cause being considered, though, is that the pipeline itself could have been ruptured somewhere between the Cormorant Field platform and Sullom Voe.

Sales of durable goods rise 11% in a year

BY DAVID FREUD

SALES OF durable goods have risen sharply over the last 12 months, confirming that consumer confidence is now well-established. In June-August sales were 11.4 per cent higher than the same period a year ago in real terms.

Sales of durables were the fastest-growing area in the overall expansion of retail sales, which were 6.5 per cent higher in the latest three months than a year earlier.

The revised index of the volume of retail sales for August, released yesterday by the Department of Trade, was slightly above the buoyant original estimate at 111.8 (1971=100, seasonally adjusted). This was more than the final figure of 111.4 for July and close to the original estimate of 111½ for August.

At the same time new instalment credit advanced by finance houses and retailers continued to expand. Total advances were 5 per cent higher in June-August than in the previous three months, seasonally adjusted.

Although the total is in current prices there has still been a substantial gain in volume.

The revised figure for retail sales confirms that June-August was the first three-month period in which the volume of spending in shops exceeded the average level in the peak year of 1973.

In June-August sales were 3 per cent above the level in the previous three months. Sales of durable goods were 7 per cent higher over the same period, while clothing and footwear sales were up 4.3 per cent.

The smallest rise was seen in the volume of sales by food shops, up only 0.7 per cent in June-August compared with the previous three months. Food sales are still running below their 1971 level in volume terms, due to the sharp price increases in the early 1970s.

Retailers are now confident that the level of sales will improve further, and do not believe that the tax rebates in July were a major factor in the recent buoyancy.

If their expectation is realised the volume of sales this year will be 5.5 per cent and more above the level of 1977—comfortably over the 5 per cent increase predicted earlier in the year.

Mr. Richard Weir, of the Retail Consortium, said he expected a good Christmas after the disappointment of last year.

New credit advanced by finance houses in August was higher than in recent months, after allowing for seasonal factors, with credit for motor vehicles contributing a large part of the increase.

Advances totalled £252m, compared with £213m in July, and in the latest three months new credit advanced was 3 per cent higher than in March-May.

In August retailers' lending was slightly lower than in July, at £241m compared with £245m. However, in June-August advances were 6 per cent above the level of the previous three months.

HIRE PURCHASE CREDIT AND RETAIL SALES
(Seasonally adjusted)

	New credit extended by		Total debt outstanding (unadjusted)	Retail volume (revised)	
	Finance Houses £m	Retailers £m	£m	Total	Durable goods shops (1970=100)
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,108	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
2nd	716	677	3,797	108.0	129
February	201	217	3,429	106.8	130
March	212	201	3,507	107.0	117
April	231	232	3,594	106.7	132
May	243	228	3,689	108.4	126
June	242	217	3,797	108.7	130
July	213	245	3,831	111.4	138
August	252	241	3,953	111.8	134

Source: Department of Trade

NCB pensions fund topped up by £59m

BY ERIC SHORT

THE NATIONAL Coal Board has had to pay an additional £59m into its staff superannuation scheme to maintain the real value of its pensions for 1978. This was revealed in the scheme's latest report, for the year ending April 5.

The pension scheme, which covers the board's management, supervisory and clerical staff, provides for the revaluation of pensions each year in line with the movement in the retail price index.

The index increased by 13 per cent in the 12 months to November 1977, but the actuary to the fund had advised that the scheme's own resources would support a rise of only 5 per cent.

The Board agreed to make the additional payment to enable the full increases to be paid. This year's payment was twice the amount of the normal contributions paid by the Board.

This is the third year in succession the Board has had to pay extra to ensure that the level of pensions maintains their real value.

The report shows that the fund increased by £112m over the year to £762m. Total income for the year amounted to £163m, of which £102m came from contributions and £61m from investment income. Benefit payments amounted to £52m.

At the end of the year, the scheme's assets were divided 63 per cent in equities and fixed-interest securities, 31 per cent in property and 6 per cent in liquid form.

Rolls-Royce reveals plans for novel nuclear reactors

BY DAVID FISHLOCK, SCIENCE EDITOR

TWO NOVEL schemes for small nuclear reactors based on experience in designing the Navy's submarine reactors were disclosed by Rolls-Royce in Basle yesterday.

The company was making its debut at the Nuclex nuclear exhibition and congress following its decision to diversify into civil nuclear power. It is the major shareholder in Rolls-Royce and Associates, a defence research, design and procurement company for the construction and servicing of submarine reactors.

One civil scheme disclosed by Rolls-Royce Nuclear Power is to factory-build small nuclear power plants, perhaps of about 200 MW electrical output—the output of Calder Hall, Britain's first nuclear station—using the shipyard practices established for submarine reactors.

The pressurised water reactor, several times the size of that for a submarine, would be prefabricated on a barge, together with its turbo-generator and associated plant, then floated to a coastal site and cemented in place.

The company believes such an approach could solve two problems facing the electrical supply industry: how to assemble nuclear plant on-site under sufficiently tightly controlled conditions, and how to provide power economically to peripheral parts of a large network, such as the South-West of England.

The scheme, still in the planning phase, is being funded by Rolls-Royce, which admits that it is unsure about the size of reactor which would offer the best international market prospects. The French have already proposed a reactor of 125 MW.

The second scheme is for a nuclear reactor of only 28 MW, providing the power for a sea-bed oil production facility to replace the platform in very deep or hostile waters. It is being investigated as part of a £1m EEC-funded study of sub-sea production technology, carried out in conjunction with Sir Robert McAlpine, BICC and Humphreys and Glasgow.

Two potential power schemes are being studied by Rolls-Royce. One would provide power from gas turbines on the sea surface, through a new type of cable designed by BICC to withstand the pitching and rolling of the powerpack.

The nuclear alternative would be a miniature pressurised water reactor, smaller than the submarine reactor. Each reactor would have three generating sets—two to provide the 25 MW net electrical output and one in reserve. Rolls-Royce envisages a cylindrical nuclear pack nearly 60 metres long and 10 metres in diameter, weighing about 4,000 tonnes and designed to operate at depths up to 1,500 metres.

Venezuela has apparently caused the British nuclear industry some embarrassment by showing interest in buying a Magnox first-generation nuclear plant to produce electricity and fresh water. Admiral Jesus Taborda, head of the Venezuelan atomic energy commission, has been touring UK nuclear facilities in the past few days as the guest of GEC Reactor Equipment.

Britain completed the last plant of this type nine years ago and has no plans to design another. Changing safety requirements would necessitate virtually a complete redesign. GEC has suggested that Venezuela might take advantage of the UK's experience of gas-cooled reactors by ordering a standardised 660 MW advanced gas-cooled reactor of the kind being designed for the UK's new nuclear stations, and operating it at lower power levels until its own electricity demand builds up.

Two join Kirkby probe

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

A CIVIL servant and a management consultant have joined a Government working party to prepare an urgent report on the future of the Kirkby Manufacturing and Engineering workers' co-operative.

The civil servant is Mr. Brian Hilton, the Industry Department's assistant secretary on regional aid, nominated by the Government.

The consultant is Mr. Jack Marsden, of PA Management Consultants, who was nominated by the co-operative. He prepared the PA report at the start of this year which said that the Merseyside-based co-operative needed a £2.9m injection over three years, plus various management and other changes.

Chaired by Professor Douglas Hague, of the Manchester Business School, the working party is expected to produce a report by the end of November.

One solution discussed by the department has been for Stelrad, a Metal Box subsidiary, to take over the factory and develop its radiator production.

Work starts on Ulster car plant site

By Our Belfast Correspondent

EARTH moving has started on the site of the £65m sports car plant, announced two months ago for Dunmurry, near Belfast.

The work was launched officially at a ceremony yesterday by Mr. John De Lorean, founder of the De Lorean Motor Company of Detroit, which plans to start production early in 1980.

Recruitment has started for 40 production engineers for assembly line training. The labour force will eventually total about 2,000

Steel Board plans to shut 52-year-old rolling mill

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BRITISH STEEL Corporation gave unions preliminary warning last night that it wanted to close the 52-year-old Victoria rolling mills at Coatbridge, Strathclyde. The mill has been losing £1m a year.

The decision follows a review of BSC's seven light section mills which showed that while total capacity was 380,000 tonnes a year demand was less than 200,000 tonnes. The Victoria works is the oldest, and said to be the least efficient, of the mills.

No date was given for the closure. It will mean loss of 150 jobs. Redundancy terms will be worked out with the unions.

Steel at the mill has to be dragged through the rollers, using thongs. BSC said it had found it increasingly difficult to recruit men to do the work.

Transferring work to other mills will save £800,000 a year without significant loss of market share or service to customers.

HOME NEWS

MP aims to control auditors' shares

FURTHER STEPS to secure legislation forcing auditors to disclose their sharholdings in audit client companies will be made in the next sssion of Parliament by Mr. Terence Higgins Conservative MP for Worthing.

Mr. Higgins, a former Minister of State at the Treasury and Opposition spokesman on Trade, introduced a Private Members Bill on the subject in July. This was mainly to stimulate discussion, since he knew it had little chance of being debated before the end of the present session.

He said: "It is pretty clear we shall have a Companies Bill in the next session—it is quite appalling the Government did not introduce one in the latest session. It remains to be seen if it covers this point."

In any case, Mr. Higgins expects to press ahead with another Bill on the matter. He is in favour of self-regulation for the accountancy professions, but believes legislation would make the professions' own efforts in this area more effective.

His original intention was to attempt to make it illegal for auditors to hold shares in client companies.

Gas flue danger survey planned

A SPOT survey of about 500 older houses is planned by the Association of Metropolitan Authorities to try to discover the extent of the dangers where solid fuel grates have been converted to gas fires.

Whitbread confirms police inquiries

BY PAUL TAYLOR

WHITBREAD, Britain's third largest brewer, yesterday confirmed that police were investigating allegations that employees in the company's East Pennines division had made extensive commission payments to club officers and others to win trade.

Whitbread East Pennines stated yesterday that the company had been co-operating fully with Sheffield police for the past two months after allegations made by Mr. Joseph Short, a former credit controller with the company.

Mr. Short's allegations were published in the Guardian newspaper yesterday, but the company statement said: "Both Whitbread East Pennines and Mr. Short were asked by the police not to discuss these matters in public. Unlike Mr. Short, Whitbread East Pennines proposes to continue acting in accordance with the police request."

Detective Chief Inspector Paul Little, head of South Yorkshore Fraud Squad, confirmed the request had been made. He said: "We are continuing our investigations into these matters."

Discounts

Mr. Short's allegations are understood to centre on payments to individuals rather than club funds or licensed premises to encourage beer, wine and spirits orders.

There is strong competition between brewers in the expanding clubs sector. Since 1945, the number of licensed clubs has increased from 17,000 to 31,000. Brewers sometimes offer capital to develop club facilities in return for the franchise.

Mr. Frank Morris, general secretary of the 4,000-strong Working Men's Club and Institute Union, said yesterday that some clubs received barrelage discounts on beer sales.

Commission payments to individual club members or officials would contravene Section 41(2)(d)(ii) of the Licensing Act, 1964, and make the club liable to lose its licence, he said.

Discounts for large orders were "fairly commonplace," but the payments would be made to the club itself rather than to individuals.

The Brewers' Society said discounts were part of normal trading practice, but the subject had not been discussed in the society.

Canley produces first TR7

THE FIRST Triumph TR7 sports car rolled off the assembly line of the company's Canley plant in Coventry yesterday five months after the shut-down of the Speke factory on Merseyside.

For Jaguar Rover Triumph, the specialist car company formed after the rationalisation of the old Leyland cars empire, the move to Canley meant that the car "will be restored to a satisfactory level of profitability," Mr. Pratt Thompson, managing director, said yesterday.

Mr. Thompson, speaking at the Coventry factory, said: "Speke was a very grave situation. It was a disastrous loss-maker. But bringing the TR7 to Canley will restore its profitability."

The Speke assembly line was closed down by Mr. Michael Edwardes, BL chairman, after constant warnings about its lack of productivity.

The move to Canley will mean that by next summer TR7 output should reach almost 1,000 a week. At a projected rate of up to 45,000 cars a year—more than 80 per cent destined for North America—the Canley output should be double that at Speke.

In the last full year at Speke only 23,000 out of a programmed 42,000 cars were turned out.

Mr. Thompson said that the transfer to Canley had been achieved on schedule.

The plan was to build up output gradually, but to ensure that sufficient TR7s were available for the spring selling season in the United States. First cars would be shipped by the end of this year.

SNP attacks oil policy

By Ray Perman, Scottish Correspondent

THE Scottish National Party yesterday tried to revive oil as a political weapon by launching a new campaign under the slogan "The Boom that Never Was."

A leaflet being distributed widely by the party claims that North Sea oil is now worth £150bn, or £30,000 for every man, woman and child in Scotland. But, it goes on, since 1969 when the first discoveries were made there has been more unemployment, a faster rate of job losses, worse health service and housing, and greater poverty.

Mrs. Margo MacDonald, senior vice-chairman of the party, said: "No country in the world has discovered oil in its back garden and allowed its neighbour to exploit the benefits as has happened in Scotland. No oil-producing country has actually suffered a drop in living standards as the oil came on stream, as happened in Scotland.

"There has been no significant transfer of wealth created by the oil discoveries to Scotland or to the Scottish people. What has happened to the predicted boom?"

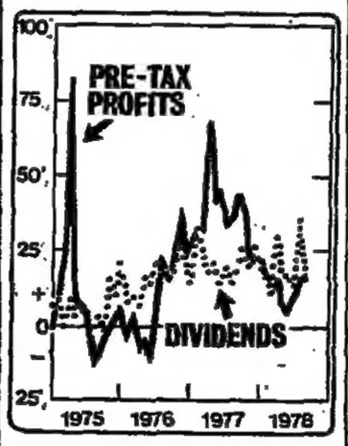
She demanded an economic plan for Scotland which set out the targets for full employment, modernisation of industry, retraining, the upgrading of schools, hospitals and roads, and a Scottish oil fund, with £1bn to spend in Scotland every year, and full economic powers for the proposed Scottish Assembly.

The SNP has successfully used the oil weapon in the past, notably in 1974 when it campaigned under the slogan "It's Scotland's oil." But the party's showing in the opinion polls has now slumped to little over half of its support at that time.

Recovery of profits continues

PRE-TAX PROFITS of the 97 industrial companies which issued full reports and accounts last month were 15.9 per cent up on last year's comparable figure.

The increase was almost identical to the previous month's and continued the recovery trend begun in July.



Over the third-quarter of the year, the monthly profits increase has risen from the second-quarter average of 8.4 per cent to 13.8 per cent, which is still below the near 16 per cent average rise recorded in January-March.

Of the larger companies, the largest pre-tax profit gain was recorded by Davy Corporation, up 35.2 per cent on the previous year.

The cost of dividends was up 18.4 per cent on the comparable period which is almost one-half of last month's exceptional increase of 35.4 per cent. However, the sequence of dividend cost increases over the first three quarters of the year is 16.3, 19.6 and 23.9 per cent.

£162,273 will

MR. WILLIAM H. LIDDELL, of Hendon, North London UK commercial director of Thorn Lighting, who died when his Cessna aircraft crashed at Coventry airport in April left £162,273 gross (£153,334 net).

Brokers predict 10-11% inflation

BY MICHAEL BLANDEN

THE GROWTH of the economy is likely to slow sharply next year with inflation moving back into double figures, say stockbrokers, Phillips and Drew.

In their latest economic outlook the brokers forecast the Government's 5 per cent pay target will cause difficulties in the next few months and the outcome could be an increase of about 10 per cent in earnings in the present round. This would allow for a degree of wage drift above the guideline, similar to the experience of the last round. The brokers add that retail prices will rise by about 10 per cent to 11 per cent during 1979.

This inflation rate would give little scope for a rise in real personal disposable incomes unless the Government steps in with a Budget boost.

But with inflation picking up and only a small current account surplus, the brokers suggest the Government will next spring give only enough tax relief to offset fiscal drag.

As a result, a sharp fall in the growth of real income is predicted—from about 7 per cent in the year ending 1978 to only ½ per cent in 1979. This will bring a rapid slowdown in economic growth.

After a 3½ per cent increase in real gross domestic product over the past year, Phillips and Drew are looking for a growth of only 1 per cent next year. Manufacturing production is expected to rise by 2½ per cent after 4 per cent growth this year.

In spite of the slowdown and the extra benefits from North Sea oil, the brokers forecast a surplus of only £½-¾bn on the balance of payments current account.

The slowdown in the economy is expected to provide a background conducive to a fall in interest rates, with the prospective 1979-80 public sector borrowing requirement of £8½-9bn being financed comfortably within an 8-12 per cent money supply growth target.

Greengrocers mount drive against 'roadside pirates'

BY CHRISTOPHER PARKES

BRITAIN'S greengrocers are being urged to devote themselves to protecting the consumer from the growing band of "roadside pirates and con-men" who are capturing an increasing share of the retail trade in fruit and vegetables.

The wholesalers' and retailers' national organisations which launched the campaign in London yesterday said they had no quarrel with conventional farm shops. But they wanted their members to report to the local authority any stalls which they thought did not meet the necessary legal standards.

The National Federation of Fruit and Vegetable Trades and the Retail Fruit Trades Federation have published a guide outlining all the laws relating to farm-gate and road-side selling in order to help greengrocers spot the offenders.

According to the document, the faults to watch for include: breaches in hygiene requirements, weights and measures laws and regulations governing pricing, Sunday selling, obstruction of the public highway and the Trades Description Act.

The traders are particularly angry at those farmers and others who buy fruit and vegetables in wholesale markets and sell it at the roadside as "home grown."

Sales of potatoes from the roadside — a trade estimated to account for 500,000 tonnes or 15 per cent of all trade in raw potatoes, and worth £20m a season—was also criticised.

Mr. Stan Westlake, of the retail federation, warned that bargain hunting at such outlets could lead to shoppers taking home potatoes rejected by legitimate merchants.

He also pointed out that prices were not necessarily lower than in the conventional greengrocer's shop.

Conventional shopkeepers had to work within strict legal limitations, he said, and in the interests of fair competition the same standards should apply to vendors operating in lay-bys and farm gateways.

More productivity means more jobs—CBI chief

FINANCIAL TIMES REPORTER

A CONTINUOUS improvement in productivity is vital if the UK economy is to survive, Mr. John Greenborough, president of the Confederation of British Industry, said yesterday.

Mr. Greenborough, opening the Production Engineering and Productivity Exhibition at Olympia, London, said that while manufacturing productivity had improved since the last war, it had not kept pace with competitors abroad.

"Our level of investment in manufacturing industry in relation to output does not appear very different from that of most of our main competitors, but the effectiveness of our investment is very low.

"It is not that the average age of our machine tools is higher either. It is simply that workers in West Germany or the U.S. produce between two and three times as much as their British counterparts.

"Our lack of growth has prevented an increase in the number of jobs available. Growth via increased productivity creates jobs. For example, if we can get back 1 per cent of our share in world trade this could mean about an extra 400,000 jobs.

"If we can get back 5 per cent of our share of home market manufactures it could mean another 150,000 jobs."

Iberia seeks advice on Gatwick switch

BY LYNTON McLAIN

IBERIA, THE SPANISH airline may start legal action against the UK Government later this week in protest against plans to move the airline from Heathrow Airport, to Gatwick from April 1.

The airline was told of the plans by the Trade Department in August and has since protested that the move would damage its commercial operations.

BA, TAP, the Portuguese national airline and Gibair the Gibraltar airline are affected but Iberia is the first to seek legal advice. The airline hoped that court action would not be necessary, "but if no solution can be reached at Government level, we will be forced to take legal action," Iberia said.

Iberia's solicitor was preparing a document on the strength of the airline's legal position and a final decision on whether or not Iberia takes legal action will be made by Friday or early next week.

The Government announcement said last month that all scheduled air services between Heathrow and Spain, Portugal, and their islands and Gibraltar would have to operate from Gatwick rather than Heathrow.

The transfers are part of an attempt by the Trade Department and the British Airports Authority to relieve growing congestion at Heathrow.

Threat to 2,500 airport jobs

By Michael Donne, Aerospace Correspondent

ANY DECISION by a future Scottish Assembly to take transatlantic air traffic away from Prestwick Airport and give it instead to Glasgow and Edinburgh airports, would result in the closure of Prestwick and the loss of 2,500 jobs there.

The threat is disclosed in a discussion document prepared by the Scottish Airports division of the British Airports Authority outlining the options involved in reorganising the pattern of Scotland's air traffic.

The document is to be submitted to a conference called by the British Airports Authority, in Glasgow on November 20, to consider future policy for the three. Lowland Airports—Prestwick, Glasgow and Edinburgh.

Plans postponed

EXPRESS NEWSPAPERS' plans to launch a new London evening newspaper and a new national Sunday newspaper have been deferred to allow the group to concentrate on the launch of the Daily Star, due for November 2.

Licence dodgers

THE GOVERNMENT launched a big campaign aimed at detecting the 1m people who evade television licence payments, at a cost of £15m.

Footwear fair

THE state of the British footwear industry is "encouraging," said Mr. Alan Williams, Minister of State for Industry, when opening the British International Footwear Fair at Olympia. Compared with two years ago, there had been a big increase in the value of exports.

Tourist report

THE GLC tonight will debate a report by the council's minority Labour group on tourism in London. The report, which emphasises the financial benefits of tourism to London, includes a call for extended pub licensing hours.

Noise payments

ABOUT 50,000 householders may qualify for insulation against traffic noise. The amount involved may be between £300 and £700 per household after an admission by the Department of Transport of an error in the way the 1973 Noise Insulation Regulations were administered.

Customers' man

WILLIAM Timpson, the footwear group, has become one of the first UK companies to recruit a consumer affairs manager from outside industry to represent the interests of customers.

£1m land plan

A £1m land reclamation scheme was given the go-ahead yesterday by Stoke-on-Trent City Council's land reclamation committee. The project covers 380 acres around the old Chatterley Whitfield colliery.

Shetland row

CAPTAIN George Biro, Shetland's director of ports and harbours, resigned yesterday, a week after a public row between him and the council's chief executive, Mr. Ernest Urquhart over whether the £750m Sullom Voe oil terminal would be able to cope safely with giant oil tankers.

Price probe for group of opticians

By Paul Taylor

THE PRICES and profits of four companies in the Dollond and Aitchison opticians group are to be investigated by the Price Commission.

The commission's inquiry, under Section 5 of the 1977 Price Commission Act, is due to be completed by December 28.

It will investigate the gross profit margins of Dolland and Aitchison and Wigmore's, the high street opticians who prescribe and dispense spectacles, spectacle lenses and contact lenses. The commission will also look at the prices at which these products are supplied to them by the other two companies in the group, Dollond and Aitchison Services and the Marylebone Optical Company.

Shetland economy growing at over six times UK rate

BY OUR SHETLAND CORRESPONDENT

THE SHETLAND economy is growing at the rate of 8 per cent a year, compared with 1¼ per cent for the UK as a whole. Its wealth per head of population is higher than any comparable economy.

This has been disclosed in the findings of the latest study commissioned by the Shetland Islands Council. The 48-page report, analysing structure and performance of the Shetland economy in 1976-77, is the work of Dr. Iain McNicoll and Mrs. Gesa Walker, both of the Department of Business Studies at Edinburgh University.

The £7,500 report seeks to identify and measure the contribution by each industry to the local economy. It follows a similar exercise by Dr. McNicoll last year, based on 1971 figures.

With the help of information by more than 100 Shetland companies the researchers indicate that the overall prosperity of the islands in 1976 masked varying fortunes in individual local industries.

The report shows that the traditional basic industries, such as fishing, knitwear and fish processing, central to the "non-oil" Shetland economy, have received no real simulus and remain in a state of decline.

Shetland's gross regional product in 1976-77 was £41m. Income of Shetland households totalled £31.2m.

Much of the increased prosperity, not surprisirgly, was attributable to oil-related investment.

At the same time the balance-of-trade deficit rose substantially, to £37m. This was because oil-related investment imported substantial goods and services, with foreign capital coming in to finance these investments.

Dr. McNicoll said: "What we have here is a situation of economic development funded by outside development and investment. The traditional basic industries, however, are essential for the creation of local wealth, but they have undoubtedly declined in the past five years."

In 1971 the income of Shetland households was about £10m, and the deficit on balance of payments about £2m. The report shows that income put into people's pockets in 1976 from local industry ranged from £7m from oil and related developments; over £4m from fish-processing; and £4.3m from local government.

In all-round economic terms, Shetland, according to the report, is performing particularly well.

The underlying theme is that if Shetland is to maintain its prosperity, decline in traditional industries must be halted.

The basic conclusion by Dr. McNicoll is that Shetland's economic structure is relatively stable over time. The traditional industries were found heavily dependent on external trade, selling up to 95 per cent of their output outside Shetland.

It was estimated that local output in fishing, fish-processing, textiles, and other manufacturing declined in total by £2.8m between 1971 and 1976.

Most growth since 1971 was concentrated in the service sector, stimulated by oil-generated demand.

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You're also widely respected as the World's largest supplier of scientific and engineering computer systems. Can you help other types of customer?

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Yes. To users of IBM Systems 360, 370 and 3030 series. Here we provide compatible and cost-effective solutions for storage and mass storage.

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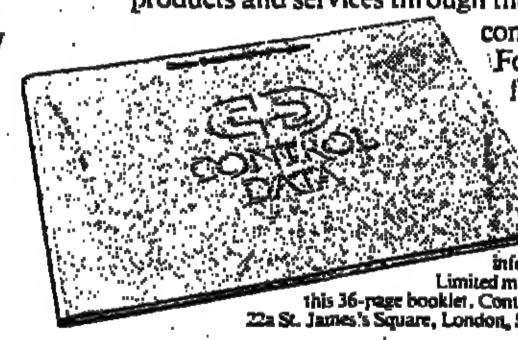

For additional information on how Control Data Limited may help your business write for this 36-page booklet. Control Data Limited, 22a St. James's Square, London, S.W.1.

Managing Director, Jack Ward, answers this and other questions of direct interest to users and potential users of computer systems.

CONTROL
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More than a computer company

Queen's Award for Export Achievement held by Magnetic Media Manufacturing Division

HOME NEWS

Start soon on worker directors Bill

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MINISTERS are expected to start preparing an Industrial Democracy Bill containing statutory rights on employee consultation and worker directors this month.

Under present plans, the Bill would be published early next year and start what is likely to be a stormy passage through Parliament. If a general election were then delayed long enough, there would be a chance of the Bill becoming law next summer.

Mr. James Callaghan, Prime Minister, has identified himself with the development of the Government's policy in this area and personally launched its Industrial democracy White Paper in May.

He is expected to make it a major plank of the Labour Party's election manifesto and likely to mention it when he speaks at the Labour Party's annual conference today.

Until Mr. Callaghan announced that there was not to be a general election this month, there was no prospect of the White Paper proposals quickly becoming law. Now the election's delay has raised the faint possibility that Britain might have statutorily-backed worker directors in the boardrooms of companies with more than 2,000 employees by 1983-84.

The consultative period for interested parties to put their views to the Government on the White Paper expired at the weekend and, although there may be a need for further detailed consultations, the main task of deciding what should go into the Bill is about to begin.

What is clear already is that the basic White Paper proposals for employees to have statutory rights to consultation on major company decisions and to boardroom seats after three or four years will be contained in the Bill.

The idea of the worker directors having one-third of the seats on the top tier of a sort of two-tier board structure will also remain.

There is likely to be a political row over whether these statutory rights should be given to union members only in what is known as a "single channel" approach or whether some provisions for all employees should be made.

This is the main point of principle facing Ministers, who will be aware that their chances of getting any legislation through Parliament will increase if more attention is paid to the interests of all employees.

On more detailed points, the treatment of multi-national and other groups of companies has to be finalised, as has the question of whether certain classes or companies—newspapers or banks for example — should be exempted from the legislation.

The role of the White Paper's proposed joint representation committee comprising union representatives may also be changed so that companies with existing established consultation arrangements do not have to change them to fit in with the worker director part of legislation.

If this change was made, there would be a general rule that the statutory rights on worker directors would not operate until three or four years after the legislation came into force.

A proposals that all company directors should be required statutorily to take the interests of their employees, as well as their shareholders, into account when making company decisions is also likely to be included.

A proposal that all company in a general company law White Paper published this year by the Department of Trade, which also has primary responsibility for the industrial democracy legislation.

● FT CONFERENCE ON INTERNATIONAL TRANSPORT

Rodgers keeps open mind on Channel Tunnel plan

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

TRANSPORT MUST expect to take a lower priority in national spending plans, Mr. William Rodgers, Transport Secretary, said yesterday.

Mr. Rodgers, speaking at a conference organised by the Financial Times and the Chartered Institute of Transport, said that in recent years, the public had been prepared to pay a rising price for transport because of the demand for higher living standards.

"But with the economic and social problems facing all countries, governments would be unable to maintain this upward trend of spending.

"My message for the transport professionals is: make do with the resources you have got. I can only give more to one form of transport at the expense of another," he said.

Mr. Rodgers said that the Channel Tunnel was a project well outside the scope of present available public expenditure, but he would be considering "with an open mind," the proposal of British and French railways for a single-bore, rail-only tunnel.

On other European issues, Mr. Rodgers complained at the excessive attention to detail in the EEC debate on transport, which stemmed from the lack of an adequate political dimension in Community affairs.

Britain, having joined the Community late, had limited room for manoeuvre, but would not give way where it meant reducing standards. Such a case was the proposition for a Community driving licence, which could have a detrimental effect on British road safety standards.

Agreement on this issue would have to involve limited recognition of national driving licences between EEC states.

Hugh Routledge

Brigadier D. N. Locke, director general of the Chartered Institute of Transport, greets the Duke of Kent at the opening of yesterday's international transport conference.

Energy

One of the biggest challenges facing transport was the uncertainty of energy prospects. It was already time to plan the transition between relative plenty and relative shortage, Sir Peter Masefield, joint deputy chairman of Caledonian Airways, said it would be necessary to convert almost every form of transport from almost total dependence on fossil fuels to almost total non-use of these fuels within the next 25 years. Electric power would be one key and the sodium-sulphur battery promised to be an efficient substitute for the internal combustion engine.

He saw a clear need for major public investment in airports, in quieter jets, in a motorway box around London and in a Channel Tunnel.

Investment was vital, he suggested, in the interests of economic efficiency. Current bottlenecks caused by underspending on roads, railways and airports had in recent years cost the UK a greater loss of productivity than industrial action.

When resources were short, however, transport services had to earn their keep or justify themselves on social grounds. Governments should avoid deficit financing and blanket grants.

Mr. P. G. Gazalet, director of BP Trading, dismissed some of the more extreme forecasts about depletion of oil reserves, but said it was likely that some time before 1990 oil supplies would stop growing and substitutes would have to be found.

If decisions on substitution were taken in time, the substitutes would be available in adequate quantities at prices unlikely to be double those of current oil prices. Air and road transport, with petrochemical feedstocks, would probably be spared the need for substitution because of the technical difficulties involved.

Mr. Gazalet said that even without any substitution in the transport sector, supplies of oil in the year 2000 would be sufficient for the transport and petrochemical industries.

Mr. Michael Posner, Fellow of Pembroke College, Cambridge, and a part-time board member of British Rail, said that in considering the case for more railway electrification, the Government should "prepare for the worst" on the energy front.

The case for electrification had to be made on its likely internal rate of return and this case was materially improved if the future was assumed to involve much higher energy prices.

By the year 2000, electric power might be three times cheaper than oil compared with a 50 per cent advantage now.

Professor Hans Joachim Forster, Director Daimler-Benz AG, said that the technical possibilities for reducing fuel consumption in road vehicles were small compared with savings available through more careful driving and better planning of roads and traffic flows.

Government policies should be directed at maximising savings in these areas because existing regulations and market conditions had already pushed manufacturers almost to the limit in seeking technical improvements.

Another area for effective Government action would be in raising maximum lorry weights. A change from a 38 tonne to a 44 tonne maximum offered the possibility of a 4 to 7 per cent energy saving.

Tyne ship workers join sales drive on Continent

BY OUR OWN CORRESPONDENT

IN A bid to win more work from the Continent, the Tyne Ship Repair Group is taking workers and management from all levels of the company to Europe later this month to meet prospective customers.

Mr. Rab Butler, chief executive of the Tyne Ship Repair Group, said yesterday: "We will be going on a sales drive to Scandinavia, Europe and Greece which will last about three weeks. We will be taking with us representatives from the shop floor, shop stewards, foremen and yard managers and introducing them to shipowners.

"This is a new approach, and I think it will work," he said.

Mr. Butler said that about 20 men from the group's yards on the Tyne would be going overseas. They would be split into three groups.

Each group will accompany Mr. Butler as he visits prospective customers. "We are doing it so the customers can meet the men who will be working on their ships and will be saying to them 'we think we are OK, what do you think?'."

The novel sales offensive comes only a few weeks after the announcement of a new era of co-operation between management and men at the group's six yards and 18 docks on Tyneside in which a "no strikes for 12 months" pledge has been given to the company by its employees.

Harland wins £30m BR ferry order

BY OUR BELFAST CORRESPONDENT

HARLAND AND WOLFF of Belfast has confirmed a £30m order from British Rail for two Dover cross-Channel ferries.

The company is already building a ferry for BR's Sealink service between Larne and Stranraer, and it was widely expected to win the follow-up order.

The ships will hold up to 1,000 passengers and 300 vehicles. They are due for delivery in time for the peak summer traffic of 1980.

Mr. Ronald Punt, Harland and Wolff's managing director, said: "We are particularly pleased that BR should have returned to us for the additional ships. Coming as it does during a period of depression in the industry, the order will provide us with work in late 1979 and early 1980."

Labour relations probe at Wear shipyard

BY LYNTON McLAIN

THE INDUSTRY Department has asked Mr. Michael Casey, chief executive of British Shipbuilders, to look at strained labour relations and low productivity at the Austin and Pickersgill shipyard on the River Wear, Sunderland.

The fall in the yard's productivity over the past 18 months was described as "deplorable" by Mr. Derek Kimber, company chairman in August.

Shop stewards appealed to Mr. Fred Willey, Labour MP for Sunderland and North, to bring in the Industry Minister after continued labour relations difficulties. Mr. Gerald Kaufman, Minister of State for Shipbuilding, approached Mr. Casey.

But the Industry Department said last night that unless relations improved it might step in with "more positive action."

Action at jail

MANY of Dartmoor Prison's 500 inmates will be locked in their cells for 23 hours each day from today as officers step up industrial action over a claim for back pay.

Continental porcelain sale tops £100,000

There was a good sale of Continental porcelain at Christie's yesterday which totalled £103,203, with about 10 per cent bought in. The top price was the £5,000, plus the 10 per cent buyer's premium, paid by Reichert for an early Meissen armorial flaring pokal painted by J. G. Herold. It went for almost twice its estimate.

Other good prices were the £4,000 from Winifred Williams for a Meissen spirally moulded pierced plate of about 1760, from a service made for Frederick the Great, and the £2,600 for a Nymphenburg group of Der Gestorte Schlafer, modelled by Bustelli.

Sewell, another London dealer, gave £2,000 for a large Vienna dinner service of about 1770.

Christie's, South Kensington, sold silver for £20,254, with flatware much in demand.

Sotheby's held a glass auction which totalled £32,360. The highest price was the £5,000 for a "Ochsenkopf" humpen made in Franconia around 1700.

The vogue for garden statuary resulted in high prices for marble figures dating from the turn of the century at a Phillips sale of furniture and works of art yesterday.

A pair of sculpted white marble figures, three feet high, of children representing spring and winter were sold to Crowther for £2,300, while a seven foot white marble figure of the young Mozart holding a violin realised £2,000. The sale totalled £33,610.

A weekend sale of miniatures and objects of art at Phillips New York realised $48,548, bringing the week's total of the Phillips group to £1,082,316—the first time the £1m mark has been passed in one week.

SALEROOM

BY ANTONY THORNCROFT

Fall in new orders for machine tools

BY MICHAEL CASSELL

NEW ORDERS for UK machine tools during the second quarter of this year were 2 per cent lower than in the previous three months.

Government figures released yesterday show that the value of orders taken between the beginning of April and the end of June stood at £122m, a level similar to a year earlier.

New domestic orders during the period rose to £90m after £83m in the first quarter. This trend was, however, offset to some extent by a fall of 13 per cent in new orders from abroad, which dropped from £36m in the first quarter to £31.6m in the April-June period.

Compared with a year earlier, home new orders in the second quarter were 3 per cent higher, while new overseas orders dropped by 10 per cent.

In volume terms, total machine tool orders fell during the second quarter and were significantly lower than in the same period a year earlier.

According to the Government trade and industry magazine, overall order books stood at £267m at the end of June, only 2 per cent higher than in March and less than 6 per cent higher than a year earlier.

Home order books continued to rise to £181m by the end of the second quarter and were 29 per cent up on the same period last year. Export orders on hand, however, fell between the first and second quarters by 9 per cent to £85m.

The provisional statistics suggest that sales of machine tools by UK manufacturers fell by 4 per cent in current price terms between the first and second quarters but rose by 27 per cent compared with a year earlier.

New coal fuels 'will take time'

By John Lloyd

THE DEVELOPMENT of new coal technology to replace oil and natural gas "will be difficult and long," according to Dr. David Dainton, director of the research establishment at the National Coal Board.

It was generally agreed that supplies of oil and natural gas would decline sharply from the year 2000, and that substitute, coal-derived fuels would be required in large quantities from then. At times, however, the end of the century seemed "disconcertingly close."

In May, the Government said that it would invest £20m in a five-year programme to develop coal liquefaction (oil from coal) and coal gasification (substitute natural gas from coal).

Mr. Alex Eadie, a junior Energy Minister, said then that development of these technologies would mean that the UK would "need all the coal it could get" to satisfy demand.

Dr. Dainton stressed that the problems which lay ahead in research and development, and said that 2000 would be the year after which oil and natural gas production would decline, rather than that given in the Department of Energy's forecasts—the early 1990s.

The development of the fluidised bed boiler which could burn coal and other fuels at comparatively high efficiency, was the biggest hope for growth of coal sales to the industrial market.

● Mr. Ray Hunter, director of the Coal Board's western area, is to conduct a feasibility study into new mining methods for the Australian Iron and Steel Company.

Textile group to spend £3m on re-equipping

BY RAY PERMAN, SCOTTISH CORRESPONDENT

DON BROTHERS, the Forfar-based textile group, is spending £3m over the next 18 months re-equipping and expanding capacity in its factories, which are mostly in the Angus area.

The group has been diversifying away from jute for 15 years and has interests in man-made fibres. More than £1.3m is to be spent on its recently acquired subsidiary Don Fibres, which extrudes polypropylene tape.

Mr. William Low, chairman and managing director, said that the group had been spending between £1m and £2m a year to keep its machinery up to date and strengthen its research and development and sales teams.

He said: "Our markets are mostly in England and Western Europe and we are doing very well in them."

LABOUR NEWS

Chrysler truck men vote to end strike

BY RAY PERMAN AND ALAN PIKE

WORKERS AT Chrysler's Luton and Dunstable truck plants will return to work today after a month-long stoppage—one of the biggest in the company's commercial vehicles division.

Separate meetings of more than 2,000 employees at the two factories yesterday accepted by large majorities shop stewards' recommendations for a return to work.

The truck workers went on strike over a pay parity claim and previous peace efforts had failed to get them back. Last week the Central Arbitration Committee granted the Luton and Dunstable workers increases in overtime rates to bring them into line with other engineering workers, but did not raise their basic rates.

Mr. Jack Button, Dunstable convenor, told the strikers that they now had to pin their hopes for parity on a new national pay structure for Chrysler.

"The Central Arbitration Committee is the highest court in the land for this type of issue. Unhappily it was not the result we wanted, but we have now exhausted all the possibilities. That is why the shop stewards are recommending a return to work."

Production restarted yesterday at Leyland Vehicles' Bathgate truck and tractor plant in Scotland after a six weeks' strike by machinists. Some vehicles left partly finished on the production lines were completed yesterday, but it will be a few days before the factory is operating normally.

The strike was called off 10 days ago when the machinists bowed to pressure from their union and abandoned a claim for extra money to operate new machinery. The factory has been closed since for its autumn holiday.

Management and unions are looking to a self-financing productivity scheme and an independent review of grading to increase earnings and remove the grievances of skilled men which led to the dispute.

Weighting offer to civil servants

By Philip Bassett, Labour Staff

CIVIL SERVANTS have been offered increases in inner London weighting allowances of 12.7 per cent by the Government, though the allowance for the outer areas of the capital will not be increased under the offer.

Civil Service unions believe that the offer, which falls under the Government's Stage Three guidelines, is within the 10 per cent limit because not all London civil servants are covered by it.

London weighting allowances, which are intended to cover the cost of housing, travel, wear and tear and other more minor costs of living in the capital, are £465 for inner London and £275 for outer areas. The allowances have not been increased since the start of the present pay policy in 1975.

The new offer would give a 12.7 per cent increase in the inner London rate to £524, covering about 150,000 civil servants.

The claim, presented by the Civil Service unions, was for increases of up to 53 per cent to £713 for inner and £372 for outer London, based on indices prepared by the Department of Employment.

Arbitration

General secretaries of the nine non-industrial civil service unions will discuss the offer today and the full staff side of the National Whitley Council will debate it on Thursday.

A meeting of all London members of the Society of Civil and Public Servants, the second-largest civil service trade union, will be held on the offer tomorrow.

The society is expected to lead a move among the unions for the allowances to go to arbitration in the hope of increasing the award to something like the 13.5 per cent teachers were awarded after arbitration.

Industrial action over the claim is possible, though unlikely.

Ford car imports from Continent halted by dockers

BY ALAN PIKE, LABOUR CORRESPONDENT

ALL IMPORTS through the three main ports used by Ford to bring continental-built cars to British showrooms have now been halted because of the national strike which entered its second week yesterday.

Blacking action by dockers is preventing the import of cars through Harwich, Hull and Lowestoft. With up to one-third of Ford vehicles sold in Britain manufactured abroad, this will hasten the impact of the strike on dealers.

Leaders of the Transport and General Workers' Union—the biggest at Ford—tell their members in this month's issue of the TGWU Record that no-one has sought "a battle or a political confrontation" over the Ford pay claim.

The trade unions, says a front page item, have decided that normal collective bargaining could not be held off any longer.

"There is nothing abnormal about this. In fact, it is the suspension of normal bargaining that is abnormal. It has already involved our members in three years of hard sacrifice in the national interest."

Politicians could not quote public opinion as though this were a simple matter. "Union members and their families are the public too—in fact a crucial part of it. Their judgment cannot be set aside so simply.

"Rigid pay policies cannot work. Conflict cannot be abolished. Normal bargaining is the best way forward."

Store 'prejudiced' says tribunal

THE LITTLEWOODS Organisation were racially prejudiced against two coloured schoolgirls, an industrial tribunal decided yesterday.

The girls, who were awarded £50 each, were told there were no vacancies when they twice applied for jobs at the company's Bradford store in May.

When they sent a white friend to inquire she was told there were vacancies.

Mr. John Prophet, tribunal chairman, also criticised the company for employing only four coloured people, two as cleaners, on its staff of 180.

The tribunal's unanimous decision was that Miss Juliet Wright, 17, of Dorset Close, Bradford, and Miss Sharon Scott, 17, of Rooley Lane, Bradford, had been racially discriminated against by Littlewoods Organisation, who denied the allegation.

Mr. Prophet said: "It is vital that the procedures the company should follow are such that persons in the position of Miss Wright and Miss Scott are not allowed to feel that they have been treated in a way which apears to be discriminatory."

No claim had been made for any loss by the girls. "The only aspect we feel we should compensate for is hurt feelings. It is not easy to put a figure on this, but the suitable figure we think is £50 to each."

Littlewoods said last night: "We are dismayed at the finding because we have a policy of equal opportunity towards all people, provided they satisfy basic selection criteria. In some of our stores, some 40 per cent of our staff are non-European."

Pickets leave U.S. bases

PICKETS declared a victory yesterday when they were withdrawn from outside U.S. Air Force bases in East Anglia after an announcement that Italian workers would no longer be used in building bomb-proof air-raid shelters for NATO.

For 12 weeks the pickets had manned entrances to bases at Bentwaters, Woodbridge and Lakenheath, Suffolk, and Alconbury, Cambs.

Mr. David Etheridge, an Amalgamated Union of Engineering Workers shop steward, said: "The help and pressure of other trade unions have helped to bring about this victory." Shelter building remained at a standstill.

Hospital threat lifted

SHOP STEWARDS lifted their threat yesterday not to feed patients at a 600-bed Surrey hospital. They had said that the patients would go hungry unless the health district security officer was suspended pending an inquiry into security.

More than 200 non-medical workers at Kingston General Hospital earlier staged a lightning strike against police raids. They returned to work after the security officer volunteered to take a week's holiday and management agreed to talks today on security.

The walkout by porters, kitchen workers, carpenters, fitters and electricians belonging to the Transport and General Workers' Union followed early-morning police visits to homes of three hospital workers last week.

One man was charged with receiving stolen property. The unions said a "scar" would be left on "innocent" people. Anyone suspected of theft should be called to account by the health authority before police were called in, said shop stewards.

Unions' chance to cut accidents

NEWS ANALYSIS

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SAFETY AT WORK

BY PHILIP BASSETT, LABOUR STAFF

THE close involvement of shop floor trade unionists in new Government regulations on work safety might seem odd at a time when unions are again becoming the nation's bogeymen.

Those alarmed at the apparent resurgence of trade union power after three years' open or tacit acceptance of Labour's pay policies might consider it foolhardy to give trade unionists a new role as safety representatives.

But pay has always been only one half of the trade union movement's concern. Conditions at work have also been equally important, though less likely to attract disapproval unless a workforce walks out over what outsiders might see as a relatively unimportant issue such as factory temperatures.

The introduction on Sunday of the new regulations on safety representatives under the Health and Safety at Work Act 1974, has, however, focused attention again on work conditions—some of which neither employers nor trade unionists can be proud of.

In 1976, the last year surveyed by the Health and Safety Commission, nearly 600 people were killed at work in 326,500 accidents.

More than 16m working days were lost through accidents nearly five times as many as through industrial stoppages in the same period.

Many employers, though, according to a new manual on the regulations, have just "cribbed inappropriate safety policies from other employers or from trade organisations, and have left overall safety responsibility with junior executives" since the 1974 Act.

The manual says investigations carried out this summer have shown that less than 30 per cent of employers use written safety policies which meet the bare minimum legal standard.

Trade unionists hope the active involvement of shop floor representatives as watchdogs to check work safety standards will lead to cuts in the accident figures.

Mr. Terry Parry, general secretary of the Fire Brigades Union and one of the three TUC representatives on the Health and Safety Commission, told the annual congress of the TUC in Brighton last month that many employers would find themselves "very hard-pressed indeed" by the new regulations.

The TUC sees the new regulations as "a watershed in the long years of campaigning to put democratically elected union safety representatives into all places of work."

But in spite of the close involvement of trade unionists in the new regulations, the TUC places the responsibility for safety firmly in the lap of employers.

Employers have six main duties which are enforceable under the regulations. They are placed under a general duty to consult the union safety representatives to promote health and safety at work.

They will have to allow each safety representative to investigate potential working hazards either in response to a complaint or a query by employees or on his own initiative.

Safety representatives are entitled to investigate employees' complaints about health, safety or welfare at work. They may also carry out formal inspections and liaise closely with factory or local authority inspectorates.

Finally, employees will have to disclose information necessary to maintain safety at work.

The general effect of the regulations is to shift the scrutiny of work dangers back into the place of work. This will leave the existing 900 factory inspectors as a last resort to bring employers into line with the regulations by improvement and prohibition notices or criminal prosecutions.

Employers are currently open to two years' imprisonment and/or a fine not greater than £1,000 on summary conviction. But the Health and Safety Executive believe the fines imposed on companies are too low and undercut the work of the factory inspectorate.

The regulations mean any independent trade union recognised by the employer can appoint safety representatives. Some 150,000 are likely to be appointed.

They will have the right to time off with pay for training and for carrying out their functions. If two or more representatives ask their employer in writing to set up a safety committee, he must do so after consultation with the unions.

The regulations mainly concern work places where independent trade unions are recognised, but guidance has also been given to employers without recognised trade unions.

Health and Safety Commission officials, however, expect the Advisory, Conciliation and Arbitration Service will secure union recognition to bring these employers within the scope of the regulations.

In non-union companies, the commission hopes employers might set up a safety committee drawn from both management and employees "chosen freely by their fellow workers."

The package adds up to the closest involvement yet of trade unionists in their own working safety, but the TUC is quick to point out that its campaign is by no means finished.

The next trade union target is legislation which would compel employers to provide safety experts appropriate to each work place.

The TUC also means to ensure that the new trade union safety representatives are not used under the new regulations as cheap substitutes for professional and technical safety personnel.

03·10·1978

LABOUR AT BLACKPOOL

Reports by John Hunt, Ivor Owen, Elinor Goodman and Philip Rawstorne. Pictures by Terry Kirk.

Decisive farewell to future wage restraint

THE Labour Conference yesterday decisively rejected the Government's incomes policy. A majority of two to one spurned the five per cent limit and any idea of further wage curbs.

Mr. James Callaghan, on the platform throughout a frequently stormy debate, took the setback without a flicker of emotion.

There was no sign that he recognised or accepted the defeat—and his response today is likely to echo Mr. Denis Healey's final words to the conference yesterday.

"We shall only fulfil our duty to the country if we continue to fight to keep inflation down—and we shall."

But with the block votes of the transport, engineering, mining and public service unions against him, the Prime Minister certainly faces a cold winter.

The Government's position was ably—even magnificently—defended by Mr. Healey and Mr. Michael Foot.

The Chancellor told delegates that pay restraint had been the "miracle ingredient" in the Government's policies that had enabled it to reduce inflation.

Whoever won the next election would inherit the best economic prospects since the war, he said.

The keys to a Labour victory would be the maintenance of the Prime Minister's authority and continued control of inflation. Mr. Healey appealed for restraint.

So did Mr. Foot. Conference was ignoring reality, he declared. "That is not a policy for Socialists. It is a policy for hermits."

Nothing that raised inflation could be good for the country or the Labour Government. He called on the party to show its nerve, intelligence and courage in facing the country's problems.

Mr. Sid Weighell, the railwaymen's leader, took a harsher line. Conference was evolving a new philosophy. "It is the philosophy of the pig trough—those with the biggest snouts get the biggest share."

He scoffed at the "emotional spasm" which moved the opposition to the Government and derided the responsible collective bargaining that sought 40 per cent pay increases.

"The trade union movement has abdicated its responsibilities," he said.

But if the Government had the best speeches, it never had a chance of commanding a majority of the votes. One union leader after another rose to throw his membership block against the 5 per cent limit.

Calling for more Government flexibility the trade unions' demands became more rigid. Mr. Moss Evans, the transport leader, was hostile. Mr. Clive Jenkins was oratorical in his opposition. Mr. Alan Fisher of the public employees union, inveighed emotionally against the exploitation of dedicated workers.

The Prime Minister noted claims that the country was both such a "bucket of money" and a "sink of unemployment" that pay restraint should be removed at once.

He gazed distantly across the hall as somewhat sadly but conclusively, Mr. Joe Gormley, the miners' leader declared: 'Five per cent is not the pattern for this year.'

The miners had supported Government policy for four years, he said. It was now time to let them and the other trade unions do their own job without interference.

Miss Joan Lestor: higher public spending needed.

State control of BP urged

THE National Executive will urge the Government to take direct control over British Petroleum, in which it now has a 51 per cent stake, authoritative party sources said.

The recommendation arises from a National Executive call for a full inquiry into the oil company's Rhodesia sanctions busting, which conference will debate later this week.

Mr. Anthony Wedgwood Benn, Energy Secretary, a senior member of the executive, said that the resolution, which is likely to gain overwhelming support calls for BP to be brought under the direction of the Government, like the National Coal Board or gas corporation.

Party sources said the move on BP was unopposed within the executive.

The decision, reached without a vote, was taken at the end of a marathon pre-conference session.

The executive also called for release of all relevant Cabinet official and oil company papers to the inquiry.

Mrs Judith Hart, Minister for Overseas Development, was unsuccessful in her attempt to get the executive to demand a tribunal of inquiry into sanctions busting.

She told her colleagues on the executive: "This procedure has power to get at the truth, but any other kind of inquiry has slightly less power."

Healey raises Tory spectre

A STRONG warning was given to the conference by Mr. Denis Healey, Chancellor of the Exchequer, that if delegates rejected the 5 per cent wage policy, it would be opening the doors for a Conservative victory at the next General Election.

He coupled this with a plea for the party to show its continued loyalty to the Prime Minister, Mr. James Callaghan, and warned that a return to free collective bargaining could lead to higher unemployment.

"The debate today can settle the result of the next General Election," he declared. "The fact is that we have reached a turning point in our affairs. You have a right to reject Jim's advice and the Government's advice if you want to. But we have a duty to the people of this country and to our movement.

Rewards

"We have no chance of performing our duty to the movement and keeping Mrs. Thatcher out unless we do our duty by the country—and we shall."

In a ten-minute intervention in the debate, he painted a rosy picture of the economy and declared: 'The prospect ahead is a very encouraging one indeed."

He argued that wage restraint had been an essential ingredient in bringing this situation about. If, however, the party rejected the 5 per cent ceiling now, then it would be allowing a Conservative administration to get back into power to reap the economic rewards which had been earned by the Government's policy over the last three years.

The Chancellor jested grimly that it felt like old times for him to be down in the dust and sweat of the arena with the vultures waiting for some great creature to be butchered to make a television holiday.

He claimed that his prediction that 1978 would see a steady fall in unemployment and an increase in living standards had been fulfilled. Over the past 12 months, a £3bn stimulus had been given to the economy. At present, the economy was growing at 3 per cent a year—"faster than the average since the war"

Inflation has been cut by more than half and living standards had been rising faster than at any time since the war.

These were the reasons why the opinion polls had been turning in Labour's favour. Additionally, the Government had been able to help families more than any time since 1950. Above all, there were now 90,000 fewer unemployed than at this time last year, and 37,000 fewer boys and girls without jobs than last summer.

Inflation

"That is something to be proud about and something we shall have to shout about between now and the next General Election," he went on.

The British economy was at present growing faster than that of Western Germany and probably by the end of the year it would be growing faster than that of France. Inflation in Britain was lower than in France and the U.S.

On top of this, surveys by the Financial Times and the CBI were now showing greater confidence throughout the economy. British industry was expecting more orders at home and abroad than at any time in the last 45 years and productivity was rising.

"The fact is that whoever wins the next election is going to inherit the best balanced economy and the best economic prospects of any Government since the war" he told the conference.

That was what so infuriated Mrs. Margaret Thatcher, the Conservative leader, as she was left waiting in the church wearing her Saatchi and Saatchi gown.

That was also why there was now an orchestrated campaign of personal abuse against Mr. Callaghan by the Tory Press. This was happening because the Conservatives knew that Mr. Callaghan was the best asset that Labour had.

What a change it would be, he said, if the next Labour Government was able to inherit "the best prospects any government ever inherited." At previous elections, Labour had always had to clear up the Tory mess.

But if it was returned at the next election "we shall be able to take a great stride towards the realisation of our Socialist ideals and to reward our movement for the sacrifices it has made to pull the country through. There would be the possibility of another great leap forward like that of Mr. Attlee in 1945."

Mr. Healey recalled that the post-war Labour Government had transformed society but after six years had started arguing within itself. The result was that it did not win another General Election for 13 years.

Sacrifices

In 1964, Labour was returned to power again with another Conservative mess to clear up. After six years, members of the party were again arguing between themselves and government was handed back to the Tories.

"This time it must not happen," he urged delegates. "It lies in your hands this afternoon to make sure that it does not."

There were two keys to winning the next election. Inflation must be kept under control and the party must do nothing to weaken the authority of Mr. Callaghan in the Labour movement and in the country. These, he said, were the two main issues in the debate.

The Government and the TUC were both agreed that inflation must be kept down.

"Of course, you can control inflation the way some countries do, simply by very strict control of the money supply, by cutting public expenditure and by raising taxes," he added.

But you can only adopt this method with a heavy cost in loss of jobs. The achievement of the Government had been to reduce inflation at the same time as holding down unemployment and achieving rising growth.

"If we had not had the support of the workpeople of this country over the past three years for moderate wage increases, we could not have brought down inflation and unemployment at the same time," the Chancellor declared.

Free collective bargaining, on the other hand, had never produced social justice for the lower paid nor had it increased differentials.

In his unavailing bid to avert the overthrow of the Government's incomes policy, Mr. Michael Foot warned that a return to 15 or 20 per cent inflation would inevitably result in the election of a Conservative government.

Two keys

"No policy that re-creates inflation is going to be any good for the Labour movement or this country of ours," he declared.

Mr. Foot argued that for conference to reject any wage restraint whatever would make nonsense of the policy pursued by the Government over the past three years.

It would not be a recipe for the destruction of the present Labour Government but for any Labour Government, he said.

A coherent policy on wages and incomes was essential. To go forward without one would be not to face the real problems of the world.

"That is not a policy for Socialists but a policy for hermits," declared Mr. Foot.

But the response from conference, despite his emphasis on the fact that he was "pleading" for support for the Government, was notably subdued and pointed to the massive reverse that lay ahead.

Mr. Foot sought to persuade and cajole the big union battalions lined up against the Government to hold their fire.

Advocating a formula which would give all concerned "time to think," he appealed to the sponsors of the critical resolution opposing all wage restraint to allow it to be remitted to the NEC for consideration.

HIGH LEVEL public expenditure was needed to reduce unemployment and redistribute wealth, Miss Joan Lestor, Labour Party chairman, said in her opening address to the conference.

"Surely we need to challenge the bankers' notions of what is good for the people of Britain."

The Labour movement could not accept the coexistence of unemployment and unused resources. Production for use and not for profit was no longer merely a Socialist slogan. It was a necessity if the country was to survive.

It was contrary to common sense and Socialism to be spending £40bn a year on unemployment assistance when teachers were being prevented from teaching and hospital workers were unemployed while hospital lists grew.

The Labour Party believed in a shorter working week and voluntary early retirement. But this was not the answer to the fact that technological advance was shifting jobs away from manufacturing industry and towards the service sector.

"It is more sensible to be spending money in providing jobs than to spend it on unemployment pay," she told delegates.

The Labour Party was dedicated to full employment and high levels of public expenditure—two factors which were closely connected.

"Our concern about public expenditure goes beyond that. We have to restate this argument again and again. Public expenditure on education, the health service, social services and the environment are one of the means of redressing the balance between the poor and the better off in our society."

If Labour was not the party of full employment then it would cease to have its historic role as the representative of working men and women.

It had to be dedicated to improved and growing public services and to the financial and democratic control of the country's democratic affairs whether from "Chrysler, Russells, the oil companies or the IMF."

These aims had to be in Labour's manifesto, not just as aspirations but as obtainable objectives.

Mr. Denis Healey: pointing the way for a great leap forward

Pay debate resolutions

THE LIVERPOOL, Wavertree motion rejecting the 5 per cent limit or any other form of wage restraint was carried on a card vote by 4,017,000 to 1,924,000.

It stated that wage curbs were not welcomed by the working class and would lead to a possible rejection of the Labour Party. It instructed the NEC to organise a campaign in the labour movement against pay controls and for better improvement in living standards.

The conference rejected by 3,626,000 to 2,806,000 a resolution supporting the economic strategy of the Labour government.

A motion from Clive Jenkins's union ASTMS, was approved on a show of hands. This called for a return to free collective bargaining, a reversal in cuts in public expenditure and introduction of import controls.

Delegates approved a TGWU resolution for a major reduction in working hours as a means of solving mass unemployment.

Election warning on 5 per cent

MR. ROY GRANTHAM, general secretary of the Association of Professional, Executive and Computer Staffs (APEX) said the pay debate concerned nothing less than the question of whether Britain was to continue to have a Labour Government.

He asked delegates to reject the motion on incomes policy which opposed any form of wage restraint.

He said the idea of Mr. Len Murray—that there should be talks between the Government and unions to resolve the current "dire situation," should be adopted.

"If the Government is too inflexible and their opponents too loose in their attitudes we need to bang the heads of both sides together and tell them to serve the interests of the whole of the nation."

Britain had made a good economic recovery and leaders should "avoid destroying each other by intolerance." APEX would move that the crucial motion rejecting wage restraint should be remitted.

Ms. Sylvia Ingerson, Lambeth councillor, representing Norwood Labour Party, said a 5 per cent ceiling did "not mean the perks of company directors will be limited to 5 per cent.

"It does not mean the dealings of property speculators will be limited to 7 per cent

"What it does mean is the 5 per cent. limit for the men and women in organised unions. It means they yet again are being asked to pay for the failures of big business."

She called on delegates to say no to the Government's pay limit—and yes to an immediate return to free collective bargaining.

"If Callaghan, Benn, Foot and other members of the NEC feel this is a crunch issue over which they must talk of resignation, then it is time for us to say to them that it is their problem and not ours.

"They should be the puppets of this party, not of the IMF—they should represent the working people of this country and they are not doing that."

Mr Gavin Laird, of the Amalgamated Union of Engineering Workers, discounted suggestions that unions might campaign against the Government. "As a trades union movement, we are pledged without qualification: to work in the period ahead to sustain the Labour Government, sustain and finance our party, and ensure that we have another Labour Government in the period ahead."

But he would not accept more incomes restraint "and certainly not a 5 per cent norm."

Mr Sid Weighell, general secretary of the National Union of Railwaymen, condemned the motion attacking wages policy as "nothing more than an emotional spasm."

To cheers from delegates, he rejected "the philosophy of the pig trough—those with the biggest snouts get the biggest share.

"I reject it, my union rejects it, and if I am the only one standing here saying it, I will reject it until I drop down dead."

Mr. Weighell insisted: "I don't like the 5 per cent any more than you do, but it is there because the trades union movement has abdicated its responsibility."

He claimed that if union leaders were left to determine pay policy "they wouldn't know what the hell to do."

The NUR was prepared to hesitate in some of its wage claims if there could be a socialist strategy.

General and Municipal Workers' Union national officer Mr. Charlie Donnet warned that unless the Government thought again very urgently on incomes policy it would be risking a clash with united workers in essential services such as ambulancemen.

He implored the Prime Minister to show some sign of listening on behalf of the low-paid workers.

Incomes policies had turned sour for the low paid, and this winter they were saying "enough is enough."

Ford strikers lobby MPs

SHOP STEWARDS and convenors from Ford plants at Dagenham, Halewood and Basildon yesterday lobbied the conference to enlist support in their strike against the Government's pay policy.

They met union delegates and various MPs. Last night, Mr. Ron Todd, the Ford union's chief negotiator, met the Prime Minister and Chancellor Denis Healey at a cocktail party in Blackpool.

Wilson to go to Blackpool

SIR HAROLD WILSON intends to attend the conference.

It is expected that the Rhodesian oil row will be discussed, but Sir Harold insisted that he had not seen a copy of the Bingham Report into sanctions breaking. He added that he had not read the report.

Three-point prison plan

LABOUR'S National Executive yesterday called for Government action to improve Britain's prisons and to reduce their population.

The executive's statement on law and order says: "Our prisons are grossly overcrowded. Many are old-fashioned and insanitary.

"The Government must act to improve the prison environment and reduce the prison population by ensuring the use of alternatives."

The three methods suggested are the use of community service orders for most offences against property, further extension of the parole system, and an urgent review of sentencing practice.

Goodbye to smoky rooms

CIGARETTES, PIPES and cigars were stubbed out in Blackpool as the conference was officially declared a "smokeless zone." Delegates voted narowly in favour of banning smoking during sessions.

Mr. Bryan Stanley, general secretary of the Post Office Engineering Union, said it had been suggested that, as the Government was advising that smoking was a health risk, it would be appropriate for the conference to set an example.

Today's agenda

The Prime Minister, Mr. James Callaghan, makes his Parliamentary report.

Agricultural land.

Taxation.

Death grants.

NEC reports, including reselection of MPs.

Evans leads union attack on pay

Mr. Moss Evans, transport workers leader, launched the onslaught on the 5 per cent pay policy with unequivocal support for free collective bargaining.

"We want to be free to negotiate without civil servants glancing over our shoulders to tell us that any extra jobs have to be created out of the 5 per cent pot," he declared.

Mr. Evans told the Government: "We support your aim of controlling inflation but we cannot support the view that the battle against inflation is the only battle to be fought."

His union would not be asking the NEC to campaign against the Labour Government over pay restraint. "We will do our own campaigning." And he warned of the consequences of a Tory Government which, he claimed, would "preside complacently over a massive increase in unemployment."

Mr. Evans added: "We are asking for a more aggressive and radical industrial and economic policy and more substantial amounts of Socialist public spending to provide jobs."

Mr. Jim Morrell, chairman of the General and Municipal Workers' Union was applauded as he spelt out his union's support for free collective bargaining.

"We will practice voluntary collective bargaining and we will oppose rigid wage controls no matter what quarter they come from," he pledged.

Mr. Morrell called on the Government to encourage a shorter working week in talks with public sector employees. "We need to put a priority on reduction of hours rather than maximising individual earnings," he said.

Mr. Tudor Thomas, of the Association of Professional, Executive, Clerical and Computer Staffs, called on the Government to take steps to deal with the "unacceptably high levels of unemployment" in the country, particularly in the jobless "black spots."

He spoke of the "terrible waste of manpower" and "the tragic start in adult life" facing many young people.

Of the "black spots," Mr. Thomas said: "In these areas, unemployment is not merely a matter of concern and debate but a major factor casting a shadow over the whole community, influencing and shaping people and particularly young people's views of what society thinks of them."

Mr. Thomas said: "Full employment may not be Socialist, but Socialism without full employment will have very little meaning for many of our comrades."

He was particularly concerned that last January 29 per cent of unemployed male workers and 56 per cent of jobless women were under 25.

Mr. Thomas said it was vital that the Government should take steps to deal with short- and medium-term unemployment problems and there should be an early stimulus of the economy, structured towards increasing public expenditure in deprived areas.

Mr. Clive Jenkins, general secretary of the Association of Scientific, Technical, and Managerial Staffs' told the conference that the call was for free collective bargaining—starting last night.

"We also reject any artificial restraints on pay bargaining and reject the current 5 per cent." he said.

But the unions would run their own campaign, and would not want the party's national executive to organise a campaign within the Labour movement against the pay guidelines.

A passionate speech attacking Government pay policy on behalf of the lower paid came from Mr. Alan Fisher, leader of the National Union of Public Employees.

He urged support for a NUPE motion demanding a minimum wage of £60 a week, two-thirds of national average earnings. "If that means breaking the 5 per cent incomes policy, then so be it."

He attacked "the obscenity" of workers who did a decent 40 hours a week but were paid less than if they sat at home drawing unemployment benefit. "It's not because unemployment benefit is too high, but because their wages are too low."

Mr. David Griffiths, of Stafford and Stone, said: "The question of the minimum wage is one of the most important issues for the Labour movement and the millions of workers who suffer the degradation of low pay and poverty."

"So far, nothing has been done for these workers. A wage of £50 or less is not a wage. It is hardly an existence for these people.

EEC attitudes differ

THE SPLIT over Europe in the Labour Party was graphically illustrated at two meetings last night.

While Mrs. Barbara Castle warned that discussion about whether Britain joined the European economic monetary system would result in new calls for withdrawal from the Community, Dr. David Owen, Foreign Secretary, pleaded that the issue should not become another EEC battle within the party.

Mrs. Castle, a long-time anti-Marketeer, has the backing of Labour's national executive committee for an emergency motion expressing conference's concern at the proposals for a European monetary system.

She made clear last night anti-Marketeers on the executive stood by the results of the referendum. But they were totally opposed to anything which either limited Britain's control over its own currency or was a preliminary to European federalism.

Even if Britain remained outside the new monetary system, she said, it might re-open the question of Britain's continued membership of the Community.

Drugs profits an 'immoral monstrosity'

DELEGATES endorsed a demand for new controls to limit the profits made by drug companies. The conference carried a resolution calling for allocation of more resources for further expansion of the National Health Service.

"Profiteering out of sickness is an immoral monstrosity," declared Mrs. Barbara Castle, replying to the debate on behalf of the National Executive Committee.

The size of the NHS drug bill must be controlled. She pointed to the promotional expenditure undertaken by the drug companies as a prime target.

Mrs. Castle sympathised with what she called the "divine impatience" of conference over Government explanations that the best possible provision was being made for the NHS out of limited resources available. She admitted her concern that the system of cash limits might make the allocation of adequate finance even more difficult than during her own period of office as Social Services Secretary.

But she warned that the NHS would face an even bleaker financial future if Mrs. Margaret Thatcher took over at 10, Downing Street.

The Conservatives, she said, would be looking for additional public expenditure cuts in the region of £5,000m, and she believed this would lead to a ban on the building of new hospitals and other necessary developments.

Mrs. Castle readily accepted a renewed demand in the resolution for the abolition of all health service charges. She agreed that the compromise legislation which she introduced providing for the phasing out of pay beds in NHS hospitals should be amended to include a final date.

The NEC, she assured delegates, also accepted the need for rigid controls over the development of private hospitals outside the NHS.

Mr. David Ennals, the Social Services Secretary, who recently spent five weeks in hospital himself, made little impact on delegates as he catalogued his achievements in expanding the capacity of the NHS, in spite of not being able to obtain Cabinet authorisation for his full expenditure requirements.

"My shopping list is the largest in the business," he said. But he was adamant that the NHS was not on the brink of collapse. In 1977, more patients were treated than ever before by more doctors, nurses and supporting staff.

This did not deter delegates in later speeches from accusing Ministers responsible for cuts in the Health Services of having "blood on their hands."

Executive puts view on law and order

LABOUR'S NATIONAL Executive Committee yesterday tacitly acknowledged the party's vulnerability to the Conservatives on the law and order issue by taking the unusual step of issuing a statement formally spelling out its own position on the subject.

The statement, which follows a split on the executive over whether law and order should be debated at all, seems designed to dispel the idea that the Labour Party is soft on the issue. At the same time it avoids upsetting those within the party who see crime primarily as a social problem.

Defensive in tone, it will be put to conference by Mr. Eric Heffer on Thursday when another motion on law and the community, as it is known in Labour Party parlance, will also be debated.

The arrangements committee, which is responsible for the conference agenda, had originally rejected the idea of a debate on the grounds that not enough motions had been submitted. In its meetings over the weekend, the NEC was also divided over whether the subject warranted a full debate but, in the end, those in favour, like Mrs. Shirley Williams, won.

The result was an unprecedented statement, published yesterday, defending Labour's record. It began by deploring the increase in violence but pointed out that this was not an exclusively British phenomenon and that the Labour Government had increased the size of the police force and spent more on law and order in general.

The statement repeated the Prime Minister's concern about the quality of family life and the problems caused by urban decay and reaffirmed that the principal remedies were to be found in the community by providing local authorities with the money necessary to rehabilitate urban housing estates and provide the necessary recreation facilities.

Huffing and puffing over Alberta's sticky oil problem

BY W. L. LUETKENS

IRONY COULD hardly have gone farther: a fire put Canada's brand new Syncrude synthetic oil plant out of action before the formal opening last month. It was one more in the series of vicissitudes that has dogged attempts to win oil from the famous Athabasca oil sands.

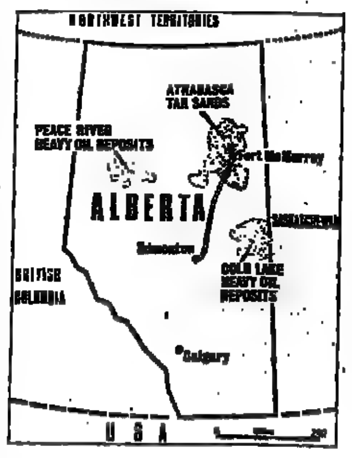
The sands contain hundreds of millions of barrels of oil—provided it can be extracted from a sticky, gritty mixture of bitumen and sand. Their first recorded use is by the Indians, who used the stuff to caulk their canoes. Attempts to turn them into a source of petroleum began early this century, without much visible success until 1967 when Great Canadian Oil Sands, an affiliate of Sun Oil of Chicago, started work with a plant using much the same technology as the $2bn Syncrude plant completed this year.

GCOS never did become profitable, partly because its capacity of around 60,000 barrels a day was simply too little, but also because it has been hit by a series of technical problems. Syncrude attempts to get around both difficulties: it is amply supplied with back-up facilities for foreseen technical hitches (but as the fire showed, you cannot foresee everything); and it is laid out for an initial capacity, once bottlenecks have been cleared by 1982, of 129,000 b/d. All going well, another 60,000 b/d will be added later.

Syncrude, like GCOS, is a mining-cum-refining operation. The sand-bitumen mixture is scooped up by opencast methods: then the bitumen is separated from the sand by treating it with steam; finally the bitumen is refined into oil which is known in the trade as synthetic oil. The Syncrude site is expected to be worked for 25 years, and by 1982 is expected to supply about 7 per cent of total Canadian oil consumption. In other words it is an important move in the struggle to turn around the Canadian energy picture.

In the early 1970s Canada produced as much oil as it consumed (though half its needs were imported and half its production exported to the U.S.). But the oil fields are declining. In April the National Energy Board in Ottawa estimated that 1.5m b/d of light and heavy crude could be produced next year, but that the figure would have declined to 640,000 b/d by 1989 and to 460,000 b/d by 1995.

At the same time, the NEB estimated that the oil sands would yield 110,000 b/d from Syncrude in 1979. By 1989 the sands would be yielding 330,000 b/d and by 1995, 580 b/d. These are forecasts which explain why, at a moment when the entire Syncrude venture seemed to be collapsing under cost overruns, the governments of Canada and Alberta, and of Ontario as the main consuming province, stepped in to rescue it. They became shareholders, along with Imperial Oil (Exxon), and Cities Service; but equally important they offered Syncrude a favourable financial regime. Alberta for a start-up period waives royalties, taking instead a share of profit provided there is one; and Ottawa guarantees Syncrude the world price for its crude oil, or some $3 above the Canadian domestic price which is artificially held down to $12.75 a barrel for the time being.



"These are expensive methods of producing oil; even if technologies are greatly improved and new methods are found, the Athabasca oil potential will never be realised cheaply. . . ."

Similar privileges are promised, though they would still have to be negotiated in detail with any others who try their luck in the sands, or with the heavy oil deposits deep below the surface at Cold Lake, on the Alberta-Saskatchewan border, and near the Peace River, in north-western Alberta. The heavy oil there is much the same stuff as is found in the sands, though it is not mingled with sand in similar quantities. Unlike normal crude oil it cannot be made to flow without applying heat to soften it.

New venturers have already come forward: Shell is proposing a plant similar to Syncrude in partnership with Amoco, Chevron, Dome, Gulf, Hudsons Bay Oil and Gas, Pacific Petroleum and Petrofina. All going well, the plant would be in production by the mid-1980s. Imperial Oil, one of the partners in Syncrude, wants to begin working heavy oil near Cold Lake on a commercial scale (producing 145,000-165,000 b/d) having gathered experience with a pilot plant. It uses what is quaintly known as the huff and puff method: you "huff" down steam to soften the heavy oil and then, "puff"—up it flows. It sounds simple, but the technology is complicated and the energy consumed great, as in the sands. The company may open up a coal mine specifically for the purpose of producing steam to huff down.

Plainly, these are expensive methods of producing oil; even if technologies are greatly improved and new methods are found, the Athabasca oil potential will never be realised cheaply. The justification for going ahead is partly the prospect of a world oil shortage in the 1990s and partly national: Canada is one of the few industrial countries to have its own oil. The decline of the conventional oil fields has imposed a strain on external payments that will grow from year to year. The National Energy Board has just recommended a cessation of exports of light crude in three years, and its forecasts of April foresaw imports of crude oil rising from 580,000 b/d next year to 1.5m b/d in 1995.

Those figures allow for the yield of the oil sands and the heavy oil deposits which, in the light of subsequent information, the NEB may have over-estimated to a certain extent. They do not allow for considerable finds of conventional oil which have been made in Alberta this year and last at Pembina. They have not yet been fully evaluated: depending upon which forecast you believe, they range from 200m barrels to 1.5bn barrels (compared with proven recoverable reserves in Alberta at the beginning of this year of 1.5bn barrels).

But Pembina is not going to change the basic pattern: all it can do is to slow down the decline of the conventional reserves of relatively low cost crude in Alberta. The future almost certainly lies with high cost oil from the sands or from the so-called offshore and frontier regions.

Oil and gas have been looked for off the Canadian Atlantic coast, in the Mackenzie Delta area, and north of Alaska, in the Beaufort Sea. Except in the Beaufort Sea, no oil well worth going after seems to have been found, though there is gas in potentially commercial quantities off Labrador, in the Delta, and also on the Arctic Islands. The big current excitement is concentrated on the Beaufort Sea, where Dome Petroleum has found hydrocarbons and caused some considerable stock market excitement. The phrase "another Prudhoe Bay" was freely used but far more drilling than can be done this year will be needed to evaluate the find. Drilling will have to cease in October, before the Beaufort Sea freezes over. That is a neccessary precaution since it might be impossible to plug a blow-out, should one occur, under the ice.

Frontier oil and oil from the sands and the heavy oil deposits account for a substantial chunk of the $167bn which, according to an estimate of the Bank of Nova Scotia, will be spent on energy development in Canada between 1967 and 1990—quite a boost to economic activity. The biggest single element in that amount, which is calculated in constant 1975 prices, is $91bn on electric power, followed by $36bn on petroleum development and exploration, $21bn on pipelines, and $8bn in the sands.

These are huge figures. But maybe the scale of some of these ventures is more strikingly illustrated by the fact that the steel booms from which the scoops are operated, that mine Syncrude's oil sand, are each longer than a football pitch.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Talking and writing at the same time

FOR THE cost of a colour TV, once development has been completed, a subscriber to the ordinary telephone service could transmit to the person he is ringing diagrams and written text, altering these as required.

Testing of the idea through pilot systems will begin in the Netherlands next year and the developer — Philips Telecommunicatie Nederland—says its "Scribofoon" will be suitable for conferences and mobile applications.

Based on initial work in Delft University of Technology, the unit consists of a screen and a writing pad. This pad consists of a layer of plastics with wires in the X axis on top of it and in the Y axis below. A pulse sent through the wires is detected by a pen connected to a decoder and the latter determines the position of the point of the pen at all times in function of measured intensity and time lag between start of the pulse and its detection.

The sequence of pen positions is transmitted over the telephone line to the small display screen at the receiving end, as the conversation proceeds.

When a group of people are using the system, the diagrams appear on all the screens at the same time. Participants in the discussion can suggest additions or deletions since the equipment is designed to permit wipe-out as required. Furthermore, both the telephone discussions and the diagrams can be recorded on cassette tape for playback. There is an inhibit mode which ensures that only one person at a time can actually write or draw.

A very small section of the speech band is used for transmitting the diagrams and there is no loss of speech quality.

Scribofoon would undoubtedly be a great boon to police and fire brigades and there seem to be few obstacles to its rapid development with the great progress being made in microcircuit development at the moment. The only comparatively difficult piece of design is in the filter unit which separates speech signals from the pictures and is complex.

Like the extensive work this Philips group has done on TV-telephone systems, this particular project can be seen as a means of reducing the amount of travel senior staff have to undertake during the course of the year.

Further from Philips Industries, 8 Arundel Street, London WC2R 3DT, 01-836 4360.

● MATERIALS

Prevents splinters from flying

SECURIFLEX IS the name of a new form of safety windscreen put on to the market by St. Gobain of France which makes the claim for it that, should the windscreen be shattered in any way, glass will not come into contact with the passengers.

This is achieved by adding internally an extra sheet of a tough plastic material to the sandwich of toughened glass/polyvinyl butyral/inner leaf of glass. This plastic material, the composition of which is not disclosed, was developed by St. Gobain in its own laboratories and has been subjected to the most exhaustive tests, both in the U.S. and in Europe, to prove that it has, indeed, the properties ascribed to it in the company's claim.

These tests have been conducted up to impact speeds of 65 km/hour with completely satisfactory results. Moreover, it has been shown that the inner leaf of plastic, which would normally be about 0.5 mm thick, is highly resistant to most of the soiling common to cars on the road.

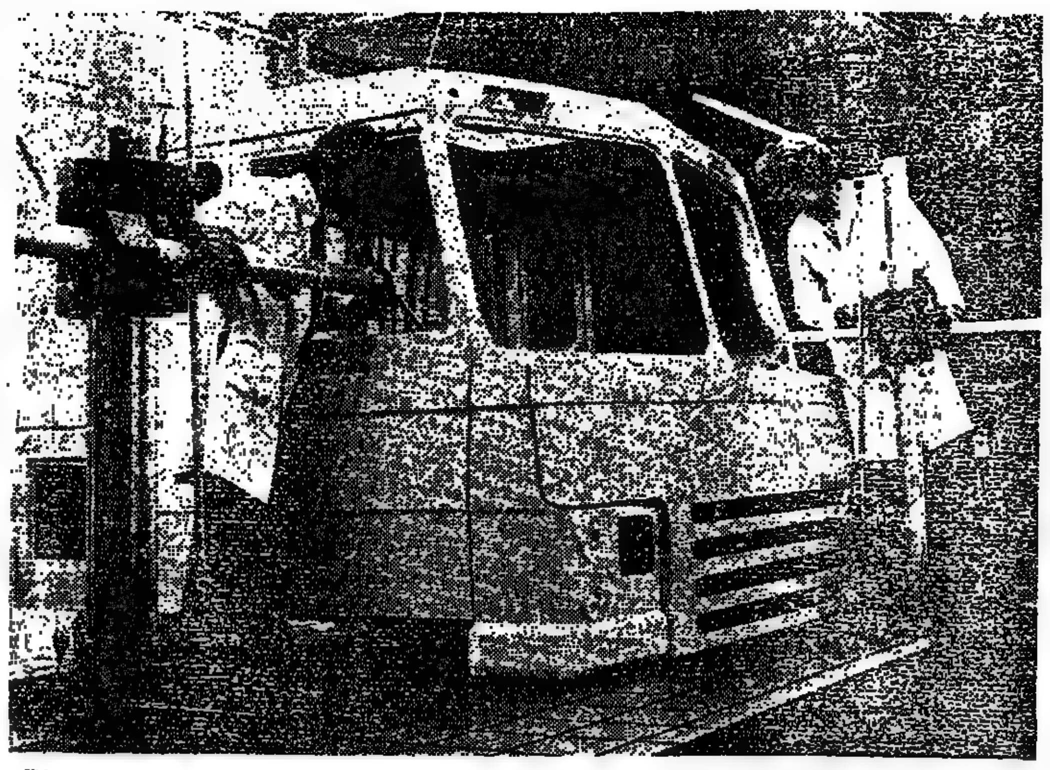
It has self-healing properties after scratching and can stand up to three attempts to stub out a cigarette in the same spot, with only slight discoloration as a result.

Mounting of the Securiflex windscreen is by adhesive butyl strip and, so far as can be seen, a car manufacturer switching to its use would have no problems.

Work is continuing at St. Gobain's French and German research centres, and meanwhile Peugeot and the company are collaborating on the installation of such windscreens in the 604 TI and on final testing prior to the use of the Securiflex design as a matter of routine. At the moment, about 100 of these new windscreens are being made each day.

St. Gobain points out that there are no limits on shapes or thicknesses, or on colours. It asserts that the new formulation of windscreen is safer at 65 km/h than standard laminated screens at 25 km/h.

St. Gobain Industries, 64 bd Victor Hugo, 92200 Neuilly, Cedex, France.



Dimensions of a cab for a Foden truck being checked in the new £70,000 standards room at the Coventry works of Motor Panels. A member of the Rubery Owen organisation, the company also manufactures cabs for Leyland, ERF, Seddon Atkinson, Scammell and Floor of Holland and builds bodies for Daimler limousines. Designed for checking the accuracy of models, the standards room facilities are also used to carry out checks on cabs taken off production lines.

● RESEARCH

Study of noise in ships

AGAINST A background of increasing concern for the seafarer from the disturbing and sometimes harmful effects of noise, the Ship and Marine Technology Requirements board has given its support to a shipboard noise project proposed by the British Ship Research Association.

This is aimed at improving procedures for predicting noise levels in ships at the drawing board stage. It will be concerned in particular with accommodation spaces, and extensive tests and trials on board ships are planned by BSRA. A full-scale model of an accommodation space will be built to allow measurements under controlled conditions to be made on various materials and for various cabin arrangements.

The move follows the successful completion of an earlier three-year project begun in 1975. As in the previous project, all funding will be provided by the Department of Industry.

The Department of Trade has recently published a Code of Practice for noise levels in Ships, and has taken an active and supporting interest in both of the BSRA projects. In the introduction to the Code, the point is made that the technology necessary to ensure that every vessel meets its requirements is still in the course of development. It is with this technology that the BSRA projects are directly concerned.

BSRA, Wallsend, Tyne and Wear NE28 6UY. Wallsend (0632) 625242.

● PROCESSING

Sterilises and cools cans

A SYSTEM designed to automatically sterilise and cool canned products in any standard size container at process temperatures up to 260 degrees F, has been introduced by FMC Corporation (UK), Holt Road, Fakenham, Norfolk, NR21 8JH.

It can be built to customers' requirements by varying the number of pressure vessels and the length of the transfer and cooling tanks.

One man, using this system with five pressure vessels, can do the job that formerly required nine men and 18 four-basket vertical retorts, says the company.

Steam usage is considerably less than in conventional retort systems as there is much less metal mass to heat, less metal surface subject to radiation losses, and no air venting requirements.

Fewer controls and instruments are needed and the system eliminates the use of crates, hoists, dollies and dumps.

● PRINTING

Cuts cost of print drying

MEDIUM-WAVE infra-red drying equipment is now being used at the printing works of Aftenposten, Oslo. The equipment has been designed and built by TRIAB/Tri Innovations AB of Sweden.

The drying oven is constructed from eight infra-red lamp cassettes, four insulation cassettes, four special evacuation cassettes and a control panel. The infra-red lamp cassettes are situated above and below the print to be dried: when the oven is in operation they are closed around the print deck by pneumatic rams.

The oven is currently used to dry, at about 140 degrees C, copies of "A-Magasinet," which is produced at the rate of 24,000 per hour. The Norwegian publisher expects now to save US$30,000 a year on running costs.

Advantages offered to the printing industry using this technique are said to include low installation costs, reduced running costs (because of shorter drying time, lower curing temperatures and shorter warm-up time) and improved quality. The latter derives from the fact that medium-wave IR radiation will neither dry out paper nor turn it yellow.

Further from TRIAB at Argongatan 8, S-431 33 Mölndal, Sweden (031-27 21 30). Telex: 21362 triab s.

● CONSTRUCTION

Dust-free flooring

A HIGHLY wear-resistant flooring, said to be ideal for semi-industrial situations, has been introduced by Index Finishes (UK), Index House, Dawkins Industrial Estate, Poole, Dorset BH15 4JY (02013 78661).

This epoxy flooring is said to be dust-free and easily cleaned, making it especially suitable for floor toppings in dairies, laboratories, bakeries, breweries, hazardous storage areas and light or medium industrial areas.

The flooring is seamless and resistant to a wide range of acids, alkalis, oils, solvents and general or commercial chemicals. It comes in a range of colours and is supplied as a two-pack material. After being mixed thoroughly prior to application it should become tack-free within six to eight hours of laying in normal temperature conditions and can be put to light use after 24 hours, although final cure is achieved some seven days after laying.

New entrant to market

A DIVISION to market a range of hydraulic tools for the construction and public utility market has been formed by CCL Systems of Cabco House, Ewell Road, Surbiton, Surrey (01-390 1122).

The tools are to be known as the System 20 range and will initially include road breakers (medium and heavy), demolition picks, clay spades, tampers, submersible water pumps, hammer and percussion drills, grinders, impact wrenches, drills, cut-off saws, chain saws, capstan winches, earth augers, and cable cutters.

Diesel, petrol, and electric power packs are to be supplied as well as a "plug-in" pack to connect these tools to other hydraulic powered equipment.

The division will be appointing distributors throughout Europe during the next few months.

Inspection chambers

IMPROVED means of access to house drains are provided by the latest unplasticised PVC inspection chambers devised by Marley Extrusions.

Within the 250 mm diameter tubular chamber there is a contoured ring seal plug which fits into a 150 mm opening to the drain and purpose made concrete covers are supplied complete with nylon lifting keys.

Rodding of the pipework to which the chamber is connected can be carried out in any direction from the chamber. Full details of the chambers may be obtained from Marley Extrusions at Lenham, Kent (0622 54366).

● MACHINE TOOLS

Punches and notches

LATEST addition to the Kingsland Engineering Company's heavy duty metalworking machines is the J21/GXA Steelworker which may be used for punching, shearing, notching and other operations.

It has a 66-ton punching capacity and is fitted with power inching and electrically controlled clutches. It can punch steel plate and sections up to a maximum of ¾ inch thickness, and cut angle irons up to 5 inches x ½ inch and round or square bars up to 1½ inches.

The machine will be demonstrated at the National Exhibition Centre, Birmingham from December 4 to 8. Kingsland's headquarters are at 25-37 Hackney Road, London, E2 7PA (01-739 5635).

● TRANSPORT

Safer stops under heavy loadings

NEW WHEEL and axle assembly for articulated lorry trailers, incorporating static and dynamic brake load compensation, is announced by Alexander Marcar and Co., Richmond, Surrey.

The rigid, lightweight unit, designated VA, is capable of accepting loads up to 30 tons, and in all respects meets the braking requirements laid down in EEC Council regulations.

During every braking process, forces act on multi-axle units which tend to redistribute the load unevenly over the individual axles. To some extent, compensation for these moments is achieved by selecting brake cylinders of suitable size and pressure, and by using additional valves in the compressed air brake assembly.

A better solution, however, is provided by axle assemblies with dynamic axle load compensation where the braking moments are compensated within the assembly either mechanically, hydraulically or pneumatically, so that each individual axle bears the same load.

The new VA construction differs fundamentally from conventional axle assemblies in that, since axle load displacement does not occur, compensation in the compound assembly is no longer necessary. In fact, compensation takes place in the axle itself, due to the combined action of pendulum bearings between the leaf springs and axle body, and pull rods elastically supported against the axle. Guide and brake reaction forces are absorbed by these pull rods, with the result that all forces which occur act vertically on the leaf spring.

Alexander Marcar and Co., Marcar House, Parkshot, Richmond, Surrey TW9 2RJ. 01-940 8201.

● RADIO & TV

Clear calls without stridency

PUBLIC ADDRESS systems tend to be strident, distracting and all too often incomprehensible. In libraries, offices and other areas where normal equipment would be too disturbing there is a need for some other form of paging.

This, it is suggested by Reliance Systems, could take the form of its "Whisper Speaker," which runs at only six decibels above the ambient noise level for the area which it is installed, but provides such clear sound quality that messages are immediately understandable.

Because it is so quiet, it generally operates through name recognition by the person called —others would tend to ignore messages not intended for them, the developers assert.

No pre-announcement chime or call signal would be needed and any number of speakers can be included in the system, which comes no more expensive than standard equipment.

Reliance Systems, Tursells Mill Lane, Wellingborough, Northants.

● EXHIBITIONS

Recovery of waste

THE RECOVERY and reuse of society's waste in ways that will help conserve scarce natural resources, and the recycling of much that is thrown away or discarded, and its rebirth as by-products, is the subject of the second Recycling World Congress and Exhibition to be held at the International Convention Centre, Manila, Philippines, March 19-22, 1979.

A brochure containing details of delegate charges, exhibition space costs, etc., is available from Recycling '79, 157, Station Road, East Oxted RH8 0QF, Surrey (08833 4371).

Long strips cut small

LOW-COST equipment for cutting long strips of scrap into manageable pieces is the P/A scrap chopper which, because of its scissor-like operating characteristics, can cut materials from paper to 3/16 in. (4.8 mm) thick mild steel.

Main application for this new equipment may be dealing with the remains of metal strip that are continuously discharged from a press after components have been punched out of the material. The problem is, of course, to transform this unwieldy scrap into a compact bundle, which can easily be removed for sale and recycling. One answer is to incorporate a cutter in the dies. Even when this is feasible, however, the pieces of scrap must still be removed from the tooling. Alternatively, the scrap may be broken up by a separate, power-driven machine.

P/A International has designed the scrap chopper as an inexpensive solution to the problem. The equipment can be mounted permanently at the side of a press, where the cut pieces will fall directly into a container. Owing to low cutting force the chopper can be driven by the press without affecting the latter's performance.

The unit can also be used to cut coiled stock to length.

Serco (P/A Industries), 33 Highcroft Crescent, Milverton, Leamington Spa. 0926 38754.

Treating the effluent

A SERIES of effluent treatment systems, designed to efficiently treat effluent containing emulsified hydrocarbons, has been introduced by Concept Equipment (International), Holwood House, 24 Holwood Road, Bromley, Kent (01-464 0621).

The installation of its CK Depurator, at the West Midlands PTE (passenger transport executive) has resulted in total alleviation of the discharge problem, says the company, coupled with a reduction in clean water intake.

The equipment is installed on a wall at the back of the depot and has an overall size of 11 ft 7 ins long by 4 ft 10 ins wide by 4 ft 7 ins high.

An effluent analysis has shown a pH value of seven against a water authority permitted value of between 6 and 12; suspended solids measured 6.5 parts per million against 400 permitted; permanganate value was nil against 125 permitted; and chemical oxygen demand 60 parts per million against 600 permitted.

Cleans at high pressure

ONE OF Europe's main suppliers of mobile hot and cold water high pressure cleaning equipment, Gerni of Randers, Denmark, has introduced a range of new machines. They are to be marketed through the company's UK sales office, Davellen, Fordham Road, Newmarket, Suffolk (0638 3857).

Mounted on three wheels, the hot water cleaners can also be used in conjunction with Gerni's wet sandblasting equipment for the removal of rust and old paint. Each cleaner is provided with a trigger-operated lance with an on/off control.

Two principal machines in the range are the Fox 60 which operates at a pressure of 1,000 psi and the Fox 150 with an operating pressure of 2,300 psi.

Gerni is also introducing into the UK its Pony machine for cleaning vehicle brakes. Main advantage claimed is that—unlike compressed air systems—oil and grease is removed as well as dust. A degreasing detergent is used and either hot or cold water can be used.

Electrically heated, the unit is mounted on four castor wheels.

● SAFETY

Efficient respirator

LATEST valveless lightweight disposable respirator in the range offered by the occupational health and safety products group of 3M UK—the 3M 8711 spray paint respirator—offers protection against all paint formulations excluding those containing hardeners, i.e. isocyanates and other dangerous sensitory materials.

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3M, 380 Harrow Road, London W9 2HU. 01-286 6044.

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RED DEER BREEDING EXPERIMENT

State turns Highland laird

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE STATE HAS turned Highland laird in a glen on the West Coast of Scotland to make an experiment which may have a significant effect on the economy of remote areas.

In March last year the Highlands and Islands Development Board bought the rundown Rahoy Estate on the Morvern Peninsula, Inverness-shire, as a site for the first attempt in Britain to farm red deer on a commercial scale.

The 3,800 acres of land round Loch Teacuis, much of it exposed hill covered with heather and bracken, cost £275,000. So far the board has spent £80,000 more renovating buildings, draining and reseeding fields on the lower ground, putting up two-metre-high deer fences, and building a breeding stock.

Private landowners from all over Scotland, including the Royal Family from the Balmoral estate, have co-operated in supplying deer calves, which have to be caught on the hill and taken from their mothers within a few days of birth to be successfully domesticated.

The stags have come from the Hill Farming Research Organisation's experimental farm. It will be two years before the herd is up to its full strength, and before the first of the Rahoy-bred deer can be slaughtered.

The venture is a gamble. It has already been proved that red deer can be reared domestically, and there is strong evidence that they can make better use of poor land than sheep, hence the attraction for the Scottish Highlands, where large areas are unproductive.

But farmers and landowners remain sceptical. It has to be demonstrated that there is a market for venison in commercial quantities and that the high initial capital outlay can be recouped.

The Government as well as private landowners must be convinced on this last point, since deer farming is unlikely to be accepted unless it becomes eligible for similar grants to those for raising cattle or sheep.

To test the potential market the board is financing a study by Stirling University in West Germany, which takes most of the deer exported from Scotland.

Mr. Mike Alexander, a farm manager chosen from more than 60 applicants to run the project, believes it will be five years before firm conclusions can be reached.

"I would like to do it faster, but the deer will not let me. We just do not know what detailed problems are going to be raised in managing a herd 500-strong in farming conditions."

Mr. John Bryden, head of the land use department of the Highlands Board, is looking to other forms of income for the estate, to support the deer project. Under private ownership some cottages were let to holidaymakers, and under the board's control this side of the enterprise is being expanded.

The old schoolhouse and schoolroom have been converted to make attractive homes, and Rahoy House, the laird's residence, with lawns going down to the water's edge, is available for renting. Four cottages are to be built.

Fish farming on Loch Teacuis is also being considered. Before the board bought the estate its annual income was less than £18,000. By 1982 Mr. Bryden hopes it will have reached £80,000 at today's values.

He is adamant that Rahoy should not be seen as a model for the way in which the board would run estates if its controversial demands for powers of compulsory purchase over neglected land were accepted by the Government.

Too much of what is happening at Rahoy is experimental, and costs may have to be written off.

Mr. Mike Alexander, farm manager feeding calves meal to the deer.

APPOINTMENTS

There will be no Jobs Column this week. Michael Dixon is ill.

Shipping Management

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Editor, life insurance information and data

Major business information organisation based in London would welcome preliminary discussions with qualified persons interested in developing and editing an important technical service publication on long-term insurance at the international level.

The publication will cover all protective, investment, corporate, legal and financial aspects of life and allied assurance and re-assurance and will be addressed to insurance professionals, institutional and corporate managements and public authorities worldwide.

The appointment as editor, which will be full-time, is most likely to interest either insurance executives wishing to make a career in financial information; or business/financial journalists with good background in and contacts with the industry.

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LEGAL NOTICES

No. 00[illegible] of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of EASCOAT LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 25th day of September 1978 presented to the said Court by IRENE ROSE JONES of 8, Bickenborough Gardens, Bromley, Kent, a Creditor of the above-named Company (Sewing Machine Operator), and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 30th day of October 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

WOOD & SONS,
14, High Street,
Beckenham, Kent, BR3 1BT.
Ref DAD. Tel 01-650 2346.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 27th day of October 1978.

COMPANY NOTICES

LYDENBURG PLATINUM LIMITED

(Incorporated in the Republic of South Africa)

DIVIDEND DECLARATION

The estimated financial results of the company for the year ending 31st October 1978 are as follows:—

	Year ending 31st October 1978	1977
Net income before and after tax	R978 000	R408 000
Earnings—per share	6.79c	2.33c
Dividends—per share—interim	—	1.75c
—final	6.80c	0.95c
—total	6.80c	2.70c
—amount	R979.000	R389 000
Number of shares	14,400.000	14.400.000

NOTICE IS HEREBY GIVEN that a final dividend No. 49 of 6.80 cents per share has been declared payable to ordinary shareholders registered in the books of the company at the close of business on 13th October 1978.

No instructions involving a change of the office of payment will be accepted after 13th October 1978.

The register of members of the company will be closed from 14th October 1978 to 27th October 1978, both days inclusive.

The dividend is declared in the currency of the Republic of South Africa. Payments from the United Kingdom office will be made in United Kingdom currency at the rate of exchange ruling on 30th October 1978 or the first day thereafter on which a rate of exchange is obtainable.

Non-resident shareholders' tax of 15 per cent. will be deducted from dividends payable to shareholders whose registered addresses are outside the Republic of South Africa.

Warrants will be posted by the transfer secretaries mentioned below on or about 9th November, 1978.

The full conditions of payment may be inspected at or obtained from the head office or the offices of the transfer secretaries of the company.

By order of the board
GENERAL MINING AND FINANCE CORPORATION LIMITED
London Secretaries
per L. W. Humphries

United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
Charter House, Park Street,
Ashford, Kent, TN24 8EQ.
26th September 1978.

London Office:
Princes House
95 Gresham Street,
London EC2V 7EN.

REARDON SMITH LINE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Stock Register of the Company will be closed on 16th October, 1978, for that day only.

By Order of the Board.
L. S. WILLIAMS, Secretary.
Devonshire House,
Greyfriars Road,
Cardiff.

TEIJIN LTD.

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPTS (BDR'S)

NOTICE IS HEREBY GIVEN that the general meeting of shareholders held in Tokyo on 28th June, 1978, has resolved to pay a dividend of 8% to be paid wholly in the shares of common stock to shareholders on record in the register of shareholders of the company as of March 31, 1978.

After deduction of the Japanese Withholding Tax of 15%, paid by selling the relevant number of shares, B.D.R.'s Holders are entitled to new B.D.R.'s at the rate of 1 new B.D.R. for each 13.33 B.D.R.'s held, i.e. 75 new B.D.R.'s for each 1,000 B.D.R.'s held as of March 31, 1978.

Fractions will be disregarded.

B.D.R.'s holders should now present Coupon No. 29 in order to claim the above dividend at either the office of the depositary:

Banque Internationale à Luxembourg S.A.,
2, Boulevard Royal,
Luxembourg,
or at the office of the depositary's agents
Hill, Samuel and Co., Limited,
45, Beech Street,
London EC2P 2LX.

BANQUE INTERNATIONALE A LUXEMBOURG
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As Depositary.

SANYO ELECTRIC CO. LTD.

Curaçao Depositary Receipts of Ordinary Shares

For holders of the above-mentioned CDRs a limited number of copies of the semi-annual report for the six-month period ending May 31, 1978, of the said company are available at:

The Sumitomo Bank, Limited
11 Queen Victoria Street, London EC4N 4TP;

Bank Mees & Hope NV, Pelzerstrasse 2, Hamburg;
Bank de l'Union Européenne, 4 Rue Gaillon, Paris 2e;

Morgan Guaranty Trust Company of New York
23 Wall Street, New York, NY 10015;

Bank Mees & Hope NV, Herengracht 548, Amsterdam.
22nd September 1978.

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The Management Page

EDITED BY CHRISTOPHER LORENZ

A Wall Street baron steps down

John Wyles on how William Salomon built his challenge to the Thundering Herd

WILLIAM SALOMON is a nice man, everyone agrees. His name is a byword for integrity and common sense. It is also conceded that he has no great personal charisma nor genius for the activity in which he has made his name and fortune, the securities business. Yet within Salomon Brothers it is acknowledged with some awe that Billy Salomon's leadership has been a central factor in the company's phenomenal growth over the past 15 years. With Salomon at the helm the firm has been transformed from a Wall Street bond trader with a modest capital of $15.4m into a major force within the U.S. and international securities industry whose $200m capital is exceeded in the U.S. only by the giant Merrill, Lynch, Pierce Fenner and Smith.

Thus William Salomon's retirement last Sunday at the age of 64 from his post as managing partner is an event of some significance on Wall Street. He is handing over to John Gutfreund, 48, whom he personally recruited in 1953, the largest private partnership in the U.S. securities industry, whose management is a complex mix of disciplined informality, creative improvisation and shrewd man-management. Like many other Wall Street brokerage houses, it pays lip service to management concepts of structure and formal lines of responsibility but really hopes that they will never be fully implemented. Salomon is first and foremost interested in securities expertise.

Arbiter

Employ professional managers? God no. By the time we have taught them the business it will have changed, he says. His inclinations have given the firm somewhat different priorities. Edgar Aronson, one of the 49 general partners, says Salomon's greatest contribution has been as "A people picker and final arbiter of disputes."

Elaborating the point, Gutfreund says that Salomon took "a nice, quality, institutional bond house and by allowing a number of young people to try new things . . . he helped us grow into the largest partnership in the industry."

Some outsiders have developed a quite mystical reverence for Salomon Brothers because of its enormous trading strength in an impressive range of securities, from equities to corporate and government debt, to, more recently, Eurobonds and Eurodollar instruments. Since the late 1960s single blocks of shares of 300,000 and upward have been known as "Salomon sized" because of the firm's willingness to take positions with such trades. Last year its average daily inventory of securities, that is stocks, bonds and other instruments held for its own account and for resale, amounted to $2.7bn; indeed, the firm's status as a premier broker dealing exclusively with institutions is based on a readiness to handle virtually any trade.

Salomon's flexibility and speed of decision often takes its clients aback, but this has been a formidably important factor in its growth. Its facility owes much to the informal procedures established by William Salomon.

During the 15 years in which he has been managing partner he has run the business from the trading floor, which since 1971 has been located in a vast open space room at number One, New York Plaza which the firm boasts is the largest trading room on Wall Street. Decisions are taken by a small executive committee of the general partners, which may meet several times a day for a few minutes at a time.

Outsiders are often greatly intrigued by how the company manages to control the risks attendant on the enormous trading positions it often takes. Weeks of close observation would be needed to gain some real understanding, but the system apparently functions on the basis of exhorting traders and salesmen to achieve the maximum possible turnover of inventory. Gutfreund says that the firm does not commit precise amounts of capital to each trading department, but trading positions and "risk factors" are assessed daily. "Yes, we'll take big risks, but that is why the capital is there," says William Salomon.

Balancing risks against capital is one thing, but turning it to the firm's financial advantage is quite another. Huge trading turnover — Salomon bought and sold $490bn of securities last year—is the most obvious key to the company's success, for it is often working to very small profit margins and is as dependent as is, say, Sears Roebuck, on maintaining and expanding trading volume.

Despite a determined development of corporate finance and international securities activities, Salomon is not markedly less susceptible to the economic and market cycles than the other large Wall Street houses, as the accompanying profit and loss table shows.

PARTNERS PROFITS (LOSSES) BEFORE TAXES

	Profits ($m)	Revenues ($m)
1968	13.3	107.7
1969	15	123
1970	21	156
1971	54.9	228.1
1972	37	203.5
1973	(6.6)	154
1974	22	179
1975	46.3	247
1976	70	268
1977	55	313

However, Salomon's potency in the markets is now such that in the first six months of this year it elbowed aside Morgan Stanley and Merrill Lynch White Weld to capture the top spot as the leading domestic underwriter of all categories of securities, according to the table compiled by the magazine Institutional Investor.

The company's international standing is only slightly less dominant. Last year Salomon ranked first among U.S. firms in the underwriting of international issues in various currencies, and fifth in the world. Salomon ranked first among U.S. firms in the international dollar market, first in foreign securities offered in the U.S. and second in the Euromarket, the Eurodollar market, and the EuroCanadian dollar market.

Authoritarian

All of which is a far cry from the bond trading house of Salomon Brothers and Hutzler which William Salomon joined straight from school in 1933. Son of Percy Salomon, one of the three founding partners, his progress was governed partly by conservative attitudes, strongly shared, he says, by his father, which had prevailed since the firm's creation in 1910. Though a Salomon, he waited 11 years for a partnership, because "you could not be considered for a partnership unless you belonged to the 10-year club."

His speciality was selling securities, and he had little influence over the general direction of the firm, which by the early 1950s had fallen under the increasingly authoritarian control of Rudolf Smutny, a partner since 1927.

Several partners, including, it can be assumed, William Salomon, had found Smutny's leadership increasingly objectionable and in 1957 things came to a head with what Salomon calls a "palace revolt." In that year the firm lost heavily on foreign securities and some stocks that Smutny had moved to buy, and the debacle was sufficient to prompt Salomon to lead a group of partners in organising a general vote to demand Smutny's resignation. In 1958 William Salomon joined the administrative committee and in 1963 became the first managing partner and senior member of what had been renamed the executive committee.

The Smutny affair was clearly a decisive experience for William Salomon. "I could see that if we had another bad year we would be out of business," he says, recalling the anxiety of watching the firm's net worth dwindle in one year from $10m to $7½m. "For the next few years we all lived extremely conservatively, and every nickel we saved we kept in the business."

His constant preoccupation with building capital, or more properly net worth, because Salomon is a partnership, appears to owe a great deal to the experience of 1957. As a result a partnership agreement has evolved which imposes both very strict limitations on the withdrawal of capital, and also a system of current rewards which is unusually frugal for Wall Street. At the end of last month the 49 general partners had around $151m in the firm (balancing capital is $58.1m of subordinated debentures) and any partner who leaves before retiring at 65 is pinned to a 10 years withdrawal period, which is reduced to five years in the case of normal retirement.

All partners' salaries are said to be less than six figures but this is supplemented by annual payments of 5 per cent interest on individual capital and by the fact that individual income taxes are paid out of capital.

The agreement has guaranteed the flow of vital capital necessary not only to build up Salomon's eminent trading and underwriting position, but also to take the firm in new directions. Gutfreund has played a central role in developing its investment banking and one of his challenges at the head of the firm will be to nurture its international activities, based on offices in London and Hong Kong, so as to keep Salomon in step with the emergence of global financial markets.

Another will be to encourage the growth under James Wolfensohn, until early last year chief executive in London of Schroders Ltd, of a corporate finance department which, though ten years old, is still lacking a client list with sufficient blue chip names to put it on a par with the prestigious "old line" houses, such as Goldman Sachs, Morgan Stanley and Lehman Brothers Kuhn Loeb.

There is still a caste system on Wall Street and Salomon's standing in some eyes is piercingly illustrated by a remark attributed to Felix Rohatyn, a senior partner at Lazard Freres. "They have the competence and the capital, but they may have to buy the three-piece suits."

However, Salomon has lived a long time with its brash arriviste image and there is little discernible regret at No. 1 New York Plaza about a lack of lineage.

In Gutfreund it has a new managing partner greatly different in style from his predecessor. More hearty, more outgoing he allowed William Salomon to persuade him to come to Wall Street because "I knew I was not a great actor, poet, dramatist, or teacher . . . he offered me a job which required no more than some knowledge of arithmetic and common sense." But there can be little doubt that he has developed many other talents along the years.

Mr. W. R. Salomon the managing partner (left) and Mr. J. H. Gutfreund the senior partner of Salomon Brothers

Louis Kleber on the problems created by new legislation

The great U.S. pensions row

THE PROBLEMS of the Social Security system in the United States and the relationship of the system to the nation's massive private pension industry has stimulated new concern in Congress, the business community, and the working population.

When Federally-sponsored Social Security was established just over 40 years ago, it materially filled a critical need for millions of Americans who, prior to that time, could look forward to retirement with little more than the dreaded prospect of charity.

In 1972, the system, which has been self-financing through equal contributions by employers and employees, took a particularly significant step when the Social Security amendments provided for progressively higher dollar benefits, linked to inflation.

As a result, many individuals would eventually have received more in benefits than they earned while working.

The problem was aggravated by higher than anticipated inflation and unemployment. Simply put, the system was on the road to going broke in a few years without a heavy infusion of money.

Last year, further Social Security amendments sought the needed funds through a drastic increase in the maximum taxable wage of American workers. It will jump from the 1978 level of $17,700 to $29,700 in 1981 and also require the employer and the employee to contribute a new high of 6.65 per cent each up to the taxable maximum. Representative W. A. Steiger of Wisconsin views these increases as a "ticking time bomb."

Representative Al Ullman of Oregon would prefer the adoption of a value-added tax to help keep the Social Security system afloat—an abandonment of the historic self-financing approach.

Other would-be solutions include funding from general taxation revenue, but this approach has met opposition since it could open the door to inordinate and inflationary increases in benefits—and cost. Additionally, the general revenue approach carries with it the aura of a welfare scheme rather than a participatory programme to which the worker has contributed.

Despite the misgivings, President Carter predicted that the new Social Security legislation would assure the soundness of the system for the next half-century. But who, in 1910, could have accurately assessed the social welfare realities of 1960?

So what now? Some quarters have even suggested a scrapping of individual, employer sponsored pension schemes in favour of expanded Social Security pensions.

The Secretary of Health, Education and Welfare, Joseph Califano, Jr., stirred up a storm in a recent speech: "Are we comfortable with a system in which some retirees pile up the maximum Social Security benefits on top of generous pensions, while other retirees have no pension income and find Social Security barely enough to get by on?"

Looking at the future, he asked if it would make more sense to recoup the tax benefits employers get for their contributions to qualified private pension plans and apply them to more generous and widespread Social Security.

Understandably, Mr. Califano's comments drew some sharp and pertinent replies. Defenders of the private pension system quickly pointed out that in addition to its basic role of providing retirement income, it is the basis of enormous investment and growth capital that stimulates industry and the economy, thus contributing to a rising standard of living.

Refuting Mr. Califano's observations, the influential publication, *Pensions and Investments*, said it would be foolish to replace economically productive private pensions with a complex, largely unfunded and economically unproductive system, subject to political whims, which even now cannot be amended without long, acrimonious debate." Significantly, Dr. Robert J. Myers, who was Chief Actuary for the Social Security Administration for more than twenty years, said he believes strongly in "both Social Security and private pensions as desirably complementing each other."

The Social Security debate cannot be divorced from the Employee Retirement Income Security Act of 1974 (ERISA) which was intended to strengthen the viability of private pensions. But along with its progressive and much-needed provisions, it created new headaches, particularly for small employers who have had to face complex and costly burdens in establishing new plans as well as maintaining those already in existence. In an effort to streamline the Act and remove some of its onerous requirements, Senators Williams of New Jersey and Javits of New York have introduced to ERISA Improvements Act of 1978. Among other things, the proposed Act would provide special tax incentives for small employers, allow tax-deductibility for employee contributions and cut down burdensome paper work. It would, said Senator Javits, make ERISA "easier to live with."

It seems, however, that as a simplification takes place, new wrinkles enter the scene. The 1978 Age Discrimination in Employment Act amendments have raised the permissible mandatory retirement age from 65 to 70 for most employees in the private sector. The amendments do not mention ERISA, but obvious problems are created since most U.S. plans take age 65 as the normal retirement.

Then there is the matter of the highly controversial "Daniel's case," which is now before the Supreme Court. It hinges on the contention that a pension plan is a security, a view supported by the Securities Exchange Commission but opposed by the Department of Labor.

If the SEC view carries the day, a new set of compliance regulations and another powerful Federal agency would be added to the pension scene.

There are also potentially great financial ramifications, since the SEC view holds that a pension-security is essentially "sole" to the employee.

Mr. Daniel sued the International Brotherhood of Teamsters because he was denied a pension because he had had a short break in service during 20 years of employment. He claimed that misleading statements and failure to disclose material facts subjected the Teamsters to the anti-fraud provisions of the Federal Securities Acts of 1933 and 1934.

If Daniel's case is upheld, there may be numerous similar claims on employers and trustees of pension funds. The dollar impact could be heavy indeed. One actuarial study prepared for the U.S. Department of Labor placed the potential liability at between $3.5bn and $39.6bn, depending on certain factors.

To prevent this thickening of the pension soup, Senators Javits and Williams have introduced legislation that would bar the SEC from treating pension plans as securities.

To sum up, there is little likelihood that there will be any fundamental change in the foreseeable future to the dual private-government approach to meeting retirement income needs. Nor is it likely that any legislative action will be the panacea leading to simple administration for employers.

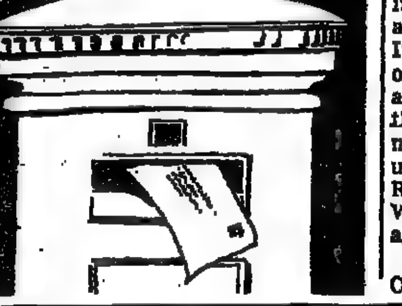
Business courses

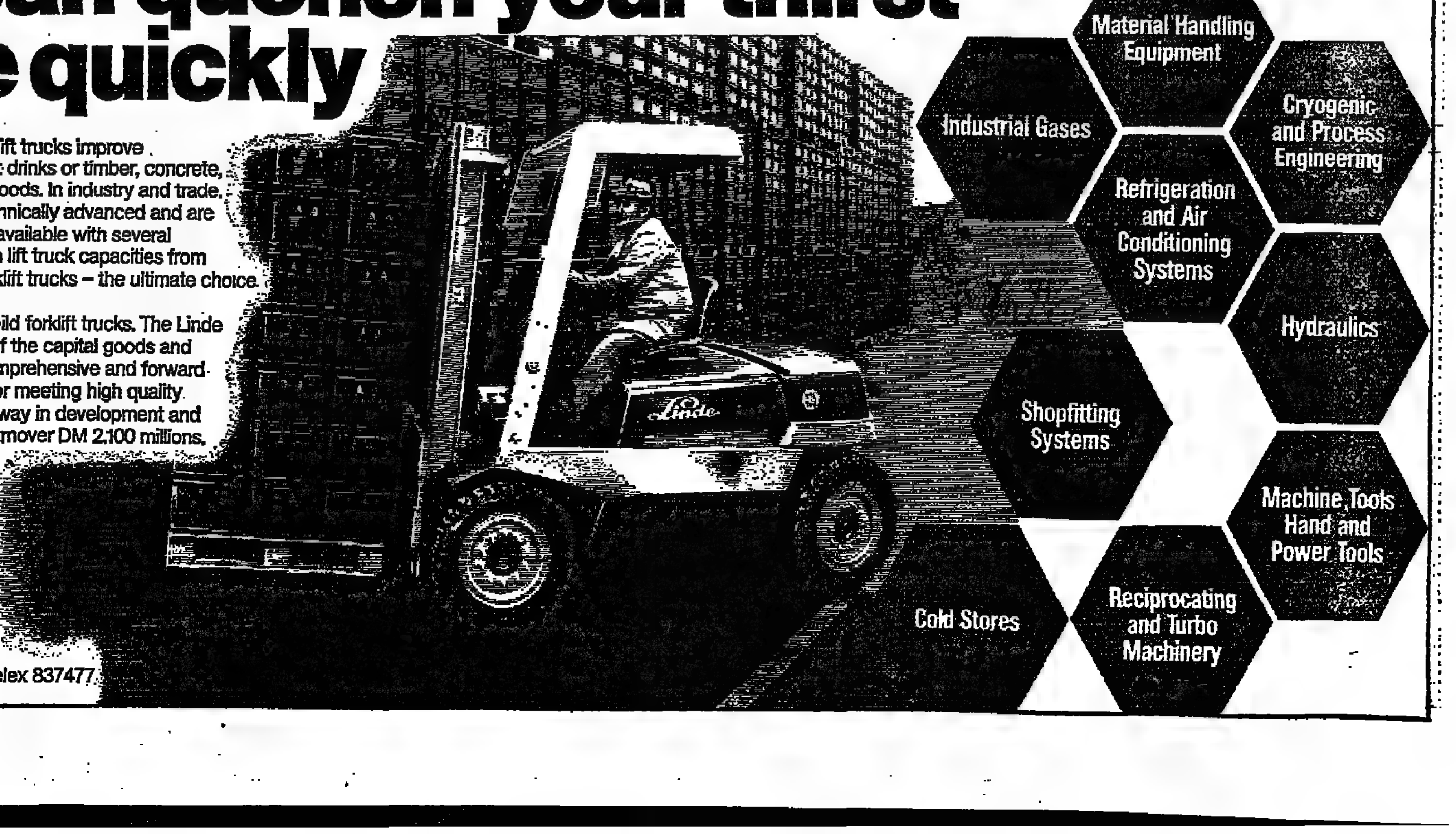
Organisation and Management of R & D, Brunel University, Middlesex. November 13-16. Fee: £175. Details from Management Programme, Brunel University, Uxbridge, Middlesex.

Materials Management and Inventory Control in the Food and Drink Industries, APL Plus, London, October 26-27. Fee: £175 plus VAT. Details from APL Plus, 50-52 Chancery Lane, London WC2.

Effective Insurance Buying, London Press Centre, November 16. Fee: £81.00. Details from the Conference Co-ordinator, Risk Research Group (London), Bridge House, 181 Queen Victoria Street, London, EC4.

Improving Questioning and Interrogation Techniques, London. November 2-3. Fee: £120 plus VAT. Details from ASM, 565 Fulham Road, London, SW6.





LOMBARD

The UK's double standards

BY GUY DE JONQUIERES in Brussels

IT HAS recently become fashionable for British ministers and senior officials to scold the Bonn Government for preaching free trade in industrial goods while tolerating, if not actually abetting, the most protectionist features of the EEC's Common Agricultural Policy. How, they ask, can the Germans justify such a clear contradiction, especially in the light of their constant carping about the cost of the CAP?

The question has point, all the more so since it is now clear that German farmers are responsible for an increasing share of CAP surplusses. But the argument cuts both ways. The Germans might well ask, in return, by what logic Britain reconciles its campaign for lower food prices through a reform of the CAP with its demands for import curbs on manufactured goods which effectively deprive consumers of access to the least costly sources of supply.

Farming vote

The simple answer in both cases is, of course, that all governments operate double standards. It is more important for the Bonn coalition to keep Bavarian farmers sweet than it is for Mr. Callaghan and his colleagues to court the farm vote in Britain. Conversely, the prospect of large numbers of textile and steel workers being thrown out of their jobs is electorally more worrying to the Labour Government than it is to Chancellor Helmut Schmidt.

There is nothing very surprising about this, though in the end it makes the adoption of "holier than thou" attitudes by EEC governments seem rather redundant. As if to prove the point, the British Government have recently been displaying a degree of truculence over the implementation of the EEC's textiles imports policy which, in another context, would do credit to the most diehard defender of the CAP.

The great bulk of troublesome textile imports entering the UK from outside the EEC is now strictly controlled by bilateral agreements concluded by the European Commission with Asian, Latin American and some East European supplier countries late last year. But as growth in supplies from these sources has subsided, part of the slack has been taken up by an increase in exports from the Mediterranean countries.

The Mediterranean countries pose two types of problem. First, most of them enjoy a privileged commercial status underwritten by their association or preferential trade agreements with the EEC. These provide no ready legal basis for limiting textile imports, so that in many cases restraint has been voluntary, relying heavily on the co-operation of the governments or exporters concerned. When Greek exporters exceeded their voluntary limits this year, the only basis on which the EEC was able to subject them to quotas was through a legally questionable invocation of a safeguard clause governing subsidies.

Second, the prospective admission of Greece, Portugal and Spain has greatly increased the sensitivity of the EEC's relations in the whole Mediterranean region. The Commission is understandably anxious to minimise difficulties which could further complicate negotiations with the three candidates, while at the same time attempting to soothe the concern of other Mediterranean countries worried that enlargement will hurt them economically.

None of these considerations, however, appear to cut much ice with the UK Industry Department, which has been relentlessly bludgeoning the Commission into closing every last loophole in the system, regardless of its size. Some of the cases about which the UK has complained are so trivial that it is hard to believe that they represent any perceptible danger to British industry.

For example, the Commission is now being pressed to act against imports of T-shirts from Malta, which are nearing their "indicative" ceiling for 1978.

Similar action is being sought against Cyprus, another EEC associate with a small but economically important textile industry.

Small share

The Industry Department would no doubt argue that what matters is not the level of imports from a given country but the cumulative impact of all imports on the UK market.

The UK has long objected to the application of the same principle to its exports to the U.S., where an anomaly of trade law allows anti-dumping penalties and countervailing duties to be imposed on imports without requiring proof that they have materially injured the domestic industry. Only a few days ago, Britain joined its EEC partners in threatening to discontinue the GATT trade negotiations unless the Carter Administration can secure an extension beyond next January of its authority to waive countervailing duties.

Television: some new boxes of tricks

FOR THOSE concerned with the technology of broadcast television, the last three or four years have been a period of quite dramatic change. The nature and extent of the change was on display last week in London when the International Broadcasting Convention was held, attracting over 3,000 delegates from 71 countries.

Part of the revolution arises from innovation, such as the introduction of teletext, microprocessors and signal transmission along optical fibres. But a great deal of it is also coming about through refinement, with the emphasis on making equipment smaller, perhaps cheaper, certainly more versatile, and occasionally of higher quality.

The most publicised of these refinements has been the ENG (Electronic News Gathering) television camera, in evidence almost everywhere at the IBC last week. Of relatively light weight and usable as a hand held camera with a minimum of ancillary gear, the ENG camera threatens to displace 16mm film cameras for news coverage. But until recently, it has been regarded as strictly for the rough and tumble work of reporting where quality and performance were of secondary importance. Now there is a new kind of configuration called the Multi-Mode camera—a basic optical head which can offer, with a few attachments, almost the portability of an ENG camera or can be built up into a comprehensive studio or outside broadcast camera or, indeed, adapted for simple tripod work.

Link Electronics, a British company with considerable exporting successes, exhibited such a camera last week. This will certainly be a winner in Third World countries, where the cost of three or four quite different cameras for various jobs is unacceptable.

Cost is thus a dominating issue. Hence one of the other trends of recent years — away from the large, expensive 2 inch quadraplex videotape recorders to the smaller, 1 inch helical scan machines and now to even ¾ inch videocassette recorders. At one time it was unthinkable that the semi-professional videocassette recorder would ever satisfy broadcast standards — but the Sony U-Matic format now appears in a specification that has been accepted by the European Broadcasting Union. It is already in broadcast use in a number of countries around the world.

An innovation of the past two years which offers substantial savings in production costs is Scene-Sync — a British idea exhibited last week by Evershed Power-Optics. Even for the non-engineer, Scene-Sync is great fun, providing a novel way of superimposing very realistic backgrounds on to studio situations. The conventional way of achieving this is by an electronic matting process known as Chroma-Key; one camera records the background picture, and by electronic means in the scanning, it automatically leaves a "hole" where the foreground subject — recorded on a second camera — is superimposed.

The problem with Chroma-Key is that movement of the subject camera is impossible — because the background perspective remains stationary. Scene-Sync overcomes the problem by providing an electro-mechanical link between the movement of the subject camera and the easel on which the background picture is attached; as the subject camera moves, the background picture (under the second camera) automatically moves with it—in perfect synchronisation (even though the picture is much smaller and the scale of movement thus reduced).

The effect is quite staggering. A studio camera can track in, tilt up, crane down to floor level — and the perspective view of the apparent background of the Swiss Alps or Fifth Avenue will change as it should. Evershed has now added a refinement whereby lens zooming on the subject camera will be automatically followed by the background camera, too.

Another British development which even hit the ITN television bulletins last week is the Independent Broadcasting Authority's so-called transportable space station. In fact, this is an earth station for sending TV signals to satellites for relay to other earth stations — but unlike other normal stations, it is transportable (on a lorry). It thus provides the means for sending location TV news reports direct from almost anywhere in the world.

FILM AND VIDEO

BY JOHN CHITTOCK

The biggest changes are yet to come. One is the gradual infiltration of digital television, replacing the analogue system currently used on domestic receivers. Our present system utilises continuously varying electrical signals; the digital system effectively comprises only a series of interrupted signals of a fixed value — the signal variation coming from the frequency of interruption. With an inherently simpler signal form, digital television lends itself more readily to electronic processing and control and thus promises almost open-ended development in the future. Already the high quality conversion of American TV recordings (on the NTSC standard) to the British PAL system — and vice versa — is made possible by digital techniques; likewise the high quality TV transmissions from space.

The other big change ahead is being pioneered by the TV data systems, teletext and viewdata. These innovations were another dominant theme at IBC, and two new developments were of particular interest to delegates:

The BBC has introduced a hard copy output device, enabling teletext users to have a print-out of teletext data. Rather like a very small, desk-top calculator with a paper roll print-out, the machine faithfully reproduces whatever teletext page is being displayed on the TV set to which it is connected. No doubt this equipment will be of considerable use in offices where records of share prices and other data need to be kept permanently.

The other surprise was the unveiling of an interactive version of ITV's Oracle teletext service. The only drawback with teletext so far has been that users are passive receivers of whatever data is transmitted; they can't ask questions of the system—unlike the Post Office's viewdata service, which is completely interactive.

Now, the Independent Television Companies Association, in association with Mullard, has overcome the problem with an ingenious proposal made by Mr. W. J. G. Overington. Teletext users cannot ask questions of the service at present because they are not in a two-way link to the transmitter—as they are with viewdata, which comes along telephone lines. Mr. Overington's idea has been to build a TV receiver which brings the memory store—necessary for two-way data—into the living room instead of leaving it at the transmitter end. The memory bank in the TV set is automatically programmed by the transmission signals and can be interrogated by the viewer, using a teletext keypad.

Examples shown last week of the possible applications for this included mortgage calculations and information on various permutations of car insurance. The future for this development now depends on commercial interest—especially in the provision of the programming services needed to feed the system.

Britain has certainly become a Mecca as well as a fertile nursery for new ideas in television engineering. A note of cynicism creeps in, however, from some of the people to whom I spoke. A plateau must be in sight: improvement and development is becoming too costly, too unsettling and maybe in the end socially unnecessary.

Prospective champion Carson rides six fancied runners

RACING

BY DOMINIC WIGAN

WILLIE CARSON, already assured of regaining the jockeys' championship he lost to Pat Eddery in 1974, again looks like being among the winners at Goodwood this afternoon. Here the dynamic Scotsman, who will, barring unforeseen circumstances, surpass his 1973 haul of 163 winners, has well fancied rides in all six races.

Two who seem sure to go particularly well for him on this jackpot-supported programme are Murat and Northleach. The first, a stable-mate to Cistus, who justified massive race course support in Sunday's Prix de l'Opera at Longchamp with a head victory over the fast-finishing Reine Imperial.

Murat has been improving steadily in recent weeks, and I shall be disappointed if he cannot take advantage of the 6 lb he receives from Lester Piggott's mount, The Nail, in the Limekiln Stakes.

The ultra consistent Northleach, among the runners for the Settrington Handicap, has run well in each of his four races since I saw him holding off Splendid Again for a game victory in an apprentice handicap at Chepstow in July.

If he can reproduce the form which saw him failing by only a length to peg back the more than useful Kithairon in Edinburgh's Dalkeith Handicap a fortnight ago the Arundel three-year-old should prove capable of getting the better of Tarzan from whom he receives 9 lb.

Later in the afternoon Piggott's mount, the John Winter trained Gypsy Castle, seems likely to have the measure of Carson's course and distance winner, Il Padrone, in the Simonsdean Handicap.

Informative and amusingly written books on racing are few and far between, and for this reason Why You Lose at Racing can be recommended with confidence.

Written by Freddie North and Jeremy Flint this work should be of genuine help to people who like to bet regularly or just have the occasional flutter. Its 13 chapters include interesting pieces on "Going to the races" and "The changing year." The last-named chapter gives admirable advice on bets to be avoided and propositions worth considering.

Why You Lose at Racing is published by Cassell at £3.95.

GOODWOOD

2.00—Portela
2.30—Murat***
3.00—Lastreso
3.30—Falls of Lora
4.00—Northleach**
4.30—Gypsy Castle*

TV/Radio

† Indicate programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.38 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 How Do You Do? 2.00 You and Me. 2.14 For Schools, Colleges. 3.20 Cawl a chan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Lippy Lion. 4.25 Jackanory. 4.40 Ask Aspel. 5.05 John Craven's Newsround. 5.10 The Story Beneath the Sands.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Star Trek.
7.40 Happy Ever After.
8.10 Dallas.
9.00 News.
9.25 Horse of the Year Show.
10.45 Tonight.
11.25 Roads to Conflict (origins and growth of the Arab-Israeli dispute).
11.50 Weather/Regional News.

All Regions as BBC1 except at the following times:

Wales—10.00-10.20 am I Yagolion. 5.55-6.20 Wales Today. 6.55 Heddiw. 7.10-7.40 Glas y Dorlan. 11.25 Bechrau Siarad. 11.50 News and Weather for Wales.

Scotland—3.55-6.20 pm Reporting Scotland. 11.50 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School (as BBC1 3.55 am).
11.25 and 2.00 pm Labour Party Conference (further coverage).
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Digame.
7.30 News on 2.
7.35 Conference Report.
8.00 One More Time.
8.30 Roots of England.
9.00 Roots.
10.30 Floodlight Rugby League for the BBC2 Trophy.
11.15 Late News on 2.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Chorlton and the Wheelies. 12.10 pm Rainbow. 12.30 Home-made for the Home. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Labour Party Conference. 4.20 Get It Together. 4.45 Magpie. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Father Dear Father.
7.30 Fantasy Island.
8.30 Selwyn.
9.00 Do You Remember Vietnam?
10.00 News.
10.30 "No Man's Land."
12.10 am Close: A Russian painting accompanied by the music of Borodin.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 6.00 About Anglia. 7.00 Survival. 12.10 am I Believe.

ATV

1.20 pm ATV Newsdesk. 5.15 Gambit. 6.00 ATV Today. 7.00 Emmerdale Farm. 12.10 am Something Different.

BORDER

1.20 pm Border News. 2.00 Houseparty. 5.15 Junior Quest. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.10 am Skiing with Gina. 12.40 Border News Summary.

CHANNEL

1.13 pm Channel Lunchtime News and What's On Where. 1.25 West at 1.30. 5.15 The Practice. 6.00 Report at Six. 7.00 The Best of the Muppets. 10.28 Channel Late News. 12.10 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 The Flintstones. 6.00 Grampian Today. 6.10 Audobon—Wildlife Theatre. 12.10 am Reflections. 12.15 Grampian Late Night Headlines.

GRANADA

1.20 pm This Is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 University Challenge. 12.10 am Police Surgeon.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Survival. 7.00 Definition.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Goglis. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 This England. 11.45-12.45 am Moynihan.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road Report. 5.15 Batfink. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Emmerdale Farm. 12.10 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 Emmerdale Farm. 12.10 am Southern News Extra.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 The Brady Bunch. 6.00 Northern Life. 7.00 Emmerdale Farm. 12.10 am Epilogue.

ULSTER

1.20 Lunchtime. 4.18 Ulster News Headlines. 5.15 Cartoon. 5.20 Crossroads. 6.00 Reports. 6.35 The Mary Tyler Moore Show. 7.00 Emmerdale Farm. 12.10 am Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 1.25 West at 1.30. 5.15 The Practice. 6.00 Westward Diary. 7.00 The Best of the Muppets. 10.28 Westward Late News. 12.10 am Faith for Life.

YORKSHIRE

1.20 pm Calendar News. 5.15 pm You're Only Young Twice. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO 1 — 247m

(S) Stereophonic broadcast
‡Medium Wave

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Peter Powell. 4.31 Kid Jensen. 7.30 Folk 78 (S) (joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am: As Radio 2.

RADIO 2 — 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 On The Third Beat (S). 7.30 Folk 78 (S). 8.02 Radio 2 Gala: Mathis at the Movies (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.02 Variety Club starring Roy Castle, Champagne, Tom Mennard. 11.02 Sports Desk. 11.05 Brian Matthew introduces Round Midnight, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 — 464m, Stereo & VHF

16.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Samuel Barber (S). 9.50 Plainsong and the Rise of European Music (S). 10.35 Aeolian String Quartet concert, part 1 (S). 11.25 Interval Reading. 11.30 Concert part 2. 12.10 pm Cardiff Midday Prom, part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2 (S). 2.15 Music at St George's, Bristol (S). 3.35 Master Cellist: Emmanuel Feuermann. 4.00 Wind Ensemble of the Scottish Chamber Orchestra (S). 4.25 Piano Recital (S). 5.15 Jazz Today on records (S). 15.45 Homeward Bound. 16.30 News. 16.35 At Home: The Voice of Joan Sutherland. 7.30 BBC Scottish Symphony Orchestra Concert, part 1. Beethoven (S). 8.20 A Miscellany of Persons: first of two extracts from the conversation of James Northcote with William Hazlitt. 8.30 BBC Scottish SO, part 2: Britten, Debussy (S). 9.20 Espionage in the 20th Century. 9.40 Arnold Fox concert (S). 10.00 Brecht, Weill and "The Threepenny Opera" (talk by Martin Esslin). 11.30 Tippett: Symphony No 4 (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song (S).

Radio 3 VHF only—6.00-7.00 am and 5.45-7.30 pm Open University.

RADIO 4 — 434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 Today's News. 7.30 and 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Antinea, Penny, Peace. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Let's Talk About Me (the present state of psychotherapy). 12.00 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather: programme news. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Vanity Fair (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM. 5.55 Weather: programme news. 6.00 News. 6.30 I'm Sorry I Haven't A Clue (S). 7.00 News. 7.05 The Archers. 7.20 File on 4 "live" from New York: the state of the American economy. 8.00 Cross Your Heart (a look at our standards of honesty). 8.45 Comets: A Matter of Life and Death: shortened version of 1978 Milne Lecture by Sir Fred Hoyle. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Jason Explanation of Foreigners (S). 11.00 A Book at Bedtime: "Rogue Male." 11.15 The Financial World Tonight. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 All That Jazz. 10.03 Late Night London. 12.00—Close: As Radio 2.

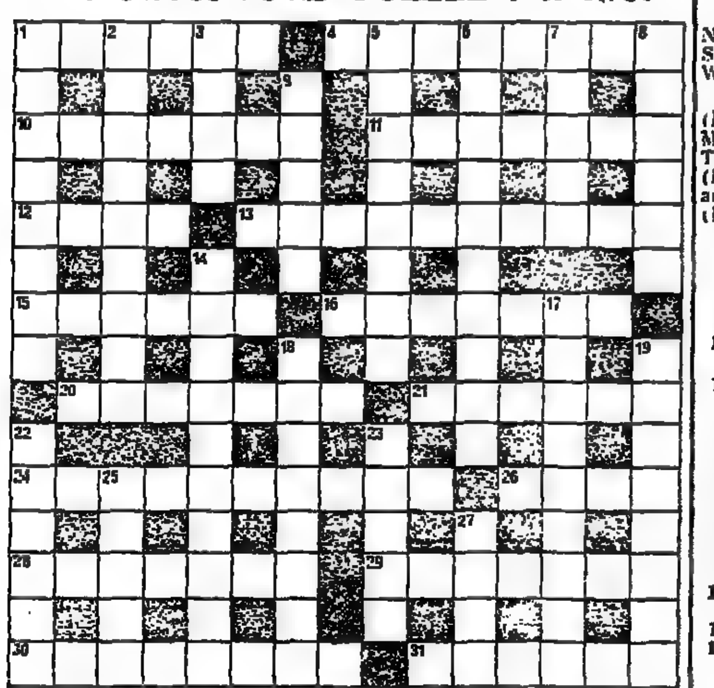
London Broadcasting — 261m and 97.3 VHF

5.00 am Morning Music. 6.00 A.M.: non-stop news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale's 3 O'clock Call. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio — 194m and 95.8 VHF

6.00 am Peter Young's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 3,786



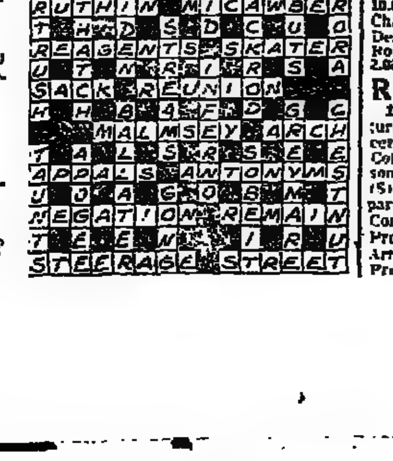
ACROSS

1 Imagine fruit going to river (6)
4 Tree from fellow with small wood (8)
10 Not informed of French article about a war (7)
11 Demonstration in favour of trial (7)
12 Growth from street? No way! (4)
13 Confection for a pin-up girl? (6-4)
15 Basket-work in topless stockings (6)
16 Exotic fruit but people in mine get none (7)
20 Informant takes fruit to Her Majesty (7)
21 Fruit for ape going to the east (6)
24 Fruit to make communist and contemptible scoundrel rage (3-7)
26 Enthusiasm for lemon peel (4)
28 Madder or type of fruit row (7)
29 Lonely camper? (7)
30 Planned a symbol indeed (8)
31 Feast with unusual pears before start of dinner (6)

DOWN

1 Bearing enjoyment? (8)
2 Source of fruit and information (5-4)
3 Harvest hybrid pear (4)
5 Sweet-course made in bed? (5-3)
6 Fruit for uninvited third person (10)
7 Love variety of pear and musical drama (5)
8 Formal entrance of substitute for main course (6)
9 Made like network to make me bashful (5)
14 Breaking up turf racing? (10)
17 North-African native fruit (9)
18 Source of fruit and vegetable right on top of plant (4-4)
19 As fruit blossom is, giving delicious beverage to editor (8)
22 Cut back tree and fruit died (6)
23 Vegetable available before and after one (5)
25 Appointments with fruit (5)
27 Plant containers put up to check their growth (4)

SOLUTION TO PUZZLE No. 3,785



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

COLISEUM. Credit cards 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA (No Perf. tonight). Tomor. 7.30 Royal Hunt of the Sun (Bargain Prices!) Thur. & Sat. 7.30 Iolanthe. Fri. 7.30 The Seraglio. Now booking for November. 104 balcony seats avail. for all perfs. from 10.00 on day of performance.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903.) THE ROYAL OPERA DER RING DES NIBELUNGEN Tnt. 5.30 Die Walküre. Thur. 5.30 Siegfried. Sat. 5.30 Götterdämmerung. Mon. next 7.30 Covent Garden Proms in assn. with Midland Bank. Das Rheingold. 700 Stalls promenade places at £2.00 avail. one hr. before curtain-up. A few Stalls Circle standing tickets avail. each day of perf.

SADLER'S WELLS THEATRE. Rosebery Ave., E.C.1. 837 1672. SADLER'S WELLS ROYAL BALLET Tnt., Wed. & Thur. 7.30 Solitaire, Prodigal Son, Grosse Fuge. Fri. & Mon. next 7.30 Solitaire, Giselle. Sat. 2.30 & 7.30 Rhyme nor Reason, Giselle.

THEATRES

ADELPHI THEATRE. CC. 01-836 7611. LAST 2 WEEKS. MUST END OCT 14. Evgs. 7.30. Mats. Thurs. 3.00. Sat. 4.00. IRENE IRENE IRENE THE BEST MUSICAL OF 1976, 1977 and 1978 IRENE IRENE IRENE CREDIT CARD BOOKINGS 836 7611

ALBERY. 836 3878. Credit card bkgs. 836 1071-3 from 8.30 a.m. Party rates Mon., Tues., Wed. and Fri. 7.45 p.m. Thurs. and Sat. 4.30 and 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL." Fin. Times. with ROY HUDD and JOAN TURNER. NOW BOOKING FOR CHRISTMAS AND THROUGH 1979

ALDWYCH. 836 6404. Info. 836 5332. ROYAL SHAKESPEARE COMPANY in repertoire. Tonight 7.30. Tomor. 2.00 & 7.30 AS YOU LIKE IT. "It would be madness not to see the RSC's AS YOU LIKE IT." F. Times. With: David Mercer's COUSIN VLADIMIR (next perf. Thurs.). Red. price previews THE CHANGELING (from 11 Oct). RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Nightly at 8.00. Mat. Tues. 2.45. Sat. 5.00 and 8.00. TONY ANHOLT PETER CARTWRIGHT SLEUTH The World-Famous Thriller by ANTHONY SHAFFER "Seeing the play again is in fact an utter and total joy." Punch. Seat Prices £3.00 to £5.00. Dinner and Top Price Seat £8.00 inc. LAST TWO WEEKS

APOLLO. 01-437 2663. Evgs. 8.00. Mats. Thursday 3.0. Saturday 5 and 8. DONALD SINDEN (Actor of The Year, E. Standard) "IS SUPERB." News of World. SHUT YOUR EYES AND THINK OF ENGLAND "WICKEDLY FUNNY." Times. "From Oct 16 the new cast will include Paul Daneman, Lana Morris, Dennis Ramsden and Carmel McSharry."

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious . . . see it." Sunday Times. Monday to Thursday 8.30. Fri. and Saturday at 7.00 and 9.15.

ASTORIA THEATRE. CC. Charing Cross Road. 734 4291. Mon.-Thurs. 8 p.m. Fri. and Sat. 6.00 and 8.45. BEST MUSICAL OF THE YEAR ELVIS EVENING STANDARD AWARD

CAMBRIDGE. CC. 836 6056. [illegible] EXCITING BLACK AFRICAN MUSICAL [illegible] FOURTH GREAT YEAR

COMEDY. 01-930 2578. [illegible] LAST WEEK [illegible] BARBARA JEFFORD [illegible] INSTANT CONFIRMED CREDIT CARD TELEPHONE BOOKINGS ACCEPTED.

CRITERION. 930 3216. CC. 836 1071-3. [illegible] NOW IN ITS SECOND YEAR LESLIE PHILLIPS [illegible] and A HALF DOZEN LAUGHS A MINUTE SECOND "HILARIOUS" YEAR

DRURY LANE. 01-836 8108. [illegible]

DUCHESS. 836 8243. [illegible] OH! CALCUTTA! [illegible]

DUKE OF YORK'S. CC. 01-836 5122. [illegible]

FORTUNE. 836 2238. [illegible] MURDER AT THE VICARAGE FOURTH GREAT YEAR

GARRICK THEATRE. CC. 01-836 4601. [illegible] TIMOTHY WEST GEMMA JONES MICHAEL KITCHEN in HAROLD PINTER'S THE HOMECOMING "NOT TO BE MISSED." [illegible] LAST 3 WEEKS SEASON MUST END OCTOBER 21st.

GLOBE THEATRE. 01-437 1592. [illegible] PAUL EDDINGTON, JULIA McKENZIE, BENJAMIN WHITROW in ALAN AYCKBOURN'S New Comedy TEN TIMES TABLE [illegible]

HAYMARKET. 01-930 9832. Prevs. from Tomor. Evgs. 8.00. Sat. 4.30 and 8.00. Opens October 9 at 7.00. GERALDINE McEWAN CLIVE FRANCIS NIGEL STOCK PETER BOWLES PAUL HARDWICK and FENELLA FIELDING in LOOK AFTER LULU by NOEL COWARD with GARY RAYMOND

HER MAJESTY'S. CC. 01-930 6606. Evs. 8.00. Matinees Thurs. and Sat. 3.00. "INSTANT ENCHANTMENT." Observer. THE MATCHMAKER A Comedy by Thornton Wilder. "It goes down with a deserved roar of delight." D. Tel. For a limited season until Oct. 14. "Hello Dolly so nice to have you back." Daily Mail. "A Masterpiece." Times. "The man who wanted a glass of bubbly and a toppin' show must have had just this in mind." D. Tel.

KING'S ROAD THEATRE. 01-352 7488. Mon. to Thurs. 9.00. Fri., Sat. 7.30. 9.30. THE ROCKY HORROR SHOW DON'T DREAM IT, SEE IT.

LYRIC THEATRE. 01-437 3686. Evs. 8.00. Mat. Thurs. 3.00. Sat. 5.00 and 8.30. JOAN PLOWRIGHT FRANK FINLAY FILUMENA by Eduardo de Filippo Directed by FRANCO ZEFFERELLI "TOTAL TRIUMPH." E. News. "AN EVENT TO TREASURE." D. Mir. "MAY IT FILL THE LYRIC FOR A HUNDRED YEARS." Sunday Times.

MAYFAIR. 629 3036. Evs. 8.00. Sat. 5.30 and 8.30. Wed. Mats. 3.00. WELSH NATIONAL THEATRE CO. DYLAN THOMAS'S UNDER MILK WOOD

MERMAID THEATRE IS CLOSED FOR RECONSTRUCTION. RE-OPENING 1980.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Ton't. 7.30. Tomor. 2.45 (low prices) & 7.30 THE WOMAN by Bond. LYTTELTON (proscenium stage): Ton't. 7.45 THE PHILANDERER by Shaw. Tomor. 7.45 Plunder. COTTESLOE (small auditorium): Thur. 8 AMERICAN BUFFALO by David Mamet. Many excellent cheap seats all 3 theatres day of perf. Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OLD VIC. 928 7616. PROSPECT AT THE OLD VIC TWELFTH NIGHT Robert Eddison "brilliant Feste." Guardian. Today 7.30. THE LADY'S NOT FOR BURNING Derek Jacobi "easy and virile authority." E. Standard. Eileen Atkins "riveting physical beauty." Financial Times. "A gem of a performance from Robert Eddison . . . Michael Denison, John Savident and Brenda Bruce scoop up the laughs." Guardian. Wed., Thur. 7.30. Derek Jacobi in IVANOV Chekhov's comedy, with Clive Arrindell, Brenda Bruce, Michael Denison, Louise Purnell, John Savident, Jane Wymark. "Jacobi's triumph." D. Telegraph. Fri. 7.30. Sat. 2.30 & 7.30.

PALACE. CC. 01-437 6834. Mon.-Thur. 8.00. Fri. and Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. 01-437 7373. Tonight, Thurs and Fri. 8.0. Wed., and Sat. 6.00 and 8.30. IN ONE GREAT SHOW LENA ZAVARONI and her Singers and Brian Rogers Dancers RONNIE DUKES AND RICKI LEE AND FAMILY

PALLADIUM. 01-437 7373. Opening Dec. 20 for a Season DANNY LA RUE as "Merry Widow Twankey" in ALADDIN ALFRED MARKS as Ebenezar DILYS WATLING, Brian MARSHALL and WAYNE SLEEP BOX OFFICE NOW OPEN

PHOENIX. 01-836 2294. Evenings at 8.15. [illegible]

PICCADILLY. [illegible]

PRINCE EDWARD. CC. 01-437 6877. [illegible] EVITA [illegible]

PRINCE OF WALES. [illegible]

QUEEN'S. [illegible]

RAYMOND REVUEBAR. CC. 01-734 1593. [illegible] THE FESTIVAL OF EROTICA [illegible] 21st SENSATIONAL YEAR

REGENT. [illegible]

ROYAL COURT. 730 1745. [illegible]

ROYALTY. Credit Cards. 01-405 8004. Monday-Thursday evenings 8.00. Friday 5.30 and 8.45. Saturdays 3.00 and 8.00. London Critics Vote BUBBLING BROWN SUGAR Best Musical of 1977 Tel. bookings accepted. Major credit cards. Restaurant reservations 01-405 2418. Limited number of seats available for special Press night on Oct. 5 introducing exciting new members to the cast.

SAVOY THEATRE. 01-836 8888. Credit Cards 734 4772. Tom Conti in WHOSE LIFE IS IT ANYWAY with JANE ASHER "A MOMENTOUS PLAY, I URGE YOU TO SEE IT." Guardian. Evgs. at 7.00. Fri. and Sat. 5.45 and 8.45.

SHAFTESBURY. CC. 01-836 6596-7. 01-836 4255. Evgs. at 8.15. Matinees Thursday 3.00. Sat. 5.00, 8.30. TERENCE STAMP in DRACULA with DEREK GODFREY "Terence Stamp has extraordinary stage presence, absolutely stunning." Michael Bakewell BBC Radio 4 Kaleidoscope.

STRAND. 01-836 2660. Evenings 8.00. Mat. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONDON'S LONGEST LAUGH— OVER 3,000 PERFORMANCES

ST. MARTIN'S. CC. 01-836 1443. Evgs. 8.00. Matinee Tue. 2.45. Sats. 5.00 and 8.00. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 26th YEAR

TALK OF THE TOWN. CC. 01-734 5051. Air-conditioned. From 8.00 Dining. Dancing 9.30. SUPERB REVUE RAZZLE DAZZLE AT 11.00 PETER GORDENO

THEATRE UPSTAIRS. 730 2554. Opens Ton't. 7. Subs. Evgs. 7.30. Lumiere & Son in NIGHTFALL by David Gale.

VAUDEVILLE. 836 9988. Prev. Ton't. 8 p.m. Opens Tomor. 7 p.m. Subs. Evs. 8 p.m. AN EVENING WITH DAVE ALLEN LIMITED SEASON to DEC. 2.

VICTORIA PALACE. 828 4735-6. 834 1317. STRATFORD JOHNS SHEILA HANCOCK ANNIE Evgs. 7.30. Mats. Wed. and Sat. 2.45. "BLOCK BUSTING— SMASH HIT MUSICAL." D. Mail.

WAREHOUSE. Donmar Theatre. Covent Garden. 836 6808. Royal Shakespeare Company. Ton't. 8.00 Pete Atkin's A & R. "Pete Atkin's playing is as enjoyable as his dialogue." The Times. All seats £1.80. Adv. bkgs. Aldwych. Student standby £1.

WHITEHALL. CC. 01-930 6692-7765. Evgs. 8.30. Fri. and Sat. 6.45 and 9.00. Paul Raymond presents the Sensational Sex Revue of the Century. DEEP THROAT 8th GREAT MONTH

WINDMILL THEATRE. CC. 01-437 6312. Twice Nightly 8.00 and 10.00. Sunday 6.00 and 8.00. PAUL RAYMOND presents RIP OFF THE EROTIC EXPERIENCE OF THE MODERN ERA "Takes to unprecedented limits what is permissible on our stage." Ev. News. THIRD GREAT YEAR.

WYNDHAM'S. 01-836 3028. Credit Card Bkgs. 836 1071 from 8.30 a.m. Mon.-Thur. 8.00. Fri. and Sat. 5.15 and 8.30. "ENORMOUSLY RICH VERY FUNNY." Evening News. Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "Supreme comedy on sex and religion." Daily Telegraph. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. [illegible] ACTION MAN.

CINEMAS

ABC 1 & 2, Shaftesbury Ave. [illegible]

CAMDEN PLAZA. [illegible]

CLASSIC 1, 2, 3, 4, Oxford Street. [illegible]

CURZON, Curzon Street, W.1. [illegible]

LEICESTER SQUARE THEATRE. [illegible]

ODEON, Haymarket. [illegible] MIDNIGHT EXPRESS [illegible]

ODEON, Leicester Square. [illegible] THE CHEAP DETECTIVE [illegible]

ODEON, Marble Arch W2. [illegible] CLOSE ENCOUNTERS OF THE THIRD KIND [illegible]

PRINCE CHARLES, Leic. Sq. [illegible]

STUDIO 4, Oxford Circus. [illegible]

St. George's, Hanover Square

Messiah

by NICHOLAS KENYON

There are only 83 *Messiah* days to Christmas, and it was wise of Roger Norrington to launch his new version on Sunday night at the beginning of this regular (though unjustifiable—*Messiah* is an Eastertide piece) season. For his was no ordinary *Messiah*: the novelty of its sounds and the originality of its answers to the oratorio's countless problems will remain in the mind and ear, I suspect, through many future performances under more conventional conductors.

Small-scale *Messiahs* are nothing new, but this was the first to use an orchestra of baroque instruments, and the first to omit featured soloists, relying instead on singers from the 16-voice choir. The playing was an unqualified success. Rarely have I heard baroque orchestral string playing so unanimous and yet so highly characterised: the other rare occasions have also been ones in which Mr. Norrington's hand has been there to force, cajole and persuade his players into effects they might not have attempted conductorless. Quavers swept together into real phrases, instead of rapped out separately (most impressively in the big choruses); strings shivering with glassy precision in "Why do the nations" and "for he is like a refiner's fire"; and a well-turned complement of four oboes and three bassoons adding their perky sounds to Handel's distinctively balanced orchestra.

Vocally Norrington's solutions were highly questionable. An admirably detailed essay in the programme by Anthony Hicks told us that the Foundling Hospital performance used the male Chapel Royal choir of 19, plus five operatic soloists who probably joined in the choruses. Norrington used this to justify his practice (already featured in several Schütz Choir miniaturisations) of using all his choristers as soloists in turn. But the point about Handel's own *Messiah* performances is that the soloists were famous, dramatically skilled, and drawn from the opera house. Schütz Choir members, with a couple of exceptions, are not, and almost all the solos were correspondingly undercharacterised.

On the other hand, neither did the singers make an ideal chorus. They blended reasonably well, and put into effect many of Norrington's refreshingly unconventional notions with efficiency and skill—there was strength and purpose (rather than the usual relaxed sentimentality) in their "peace on earth" and "the kingdom of our God," and real detached singing in the block chords of "Worthy is the Lamb" and "For unto us a child is born." But I longed alternately for the pure homogeneity of a boys-and-men choir, or the real weight of a slightly larger body. Did Norrington consider a performance with, say, Christ Church Choir and Kent Opera soloists? Nevertheless, a most rewarding evening: well (if arguably) planned, thoroughly prepared, and endlessly stimulating.

Covent Garden

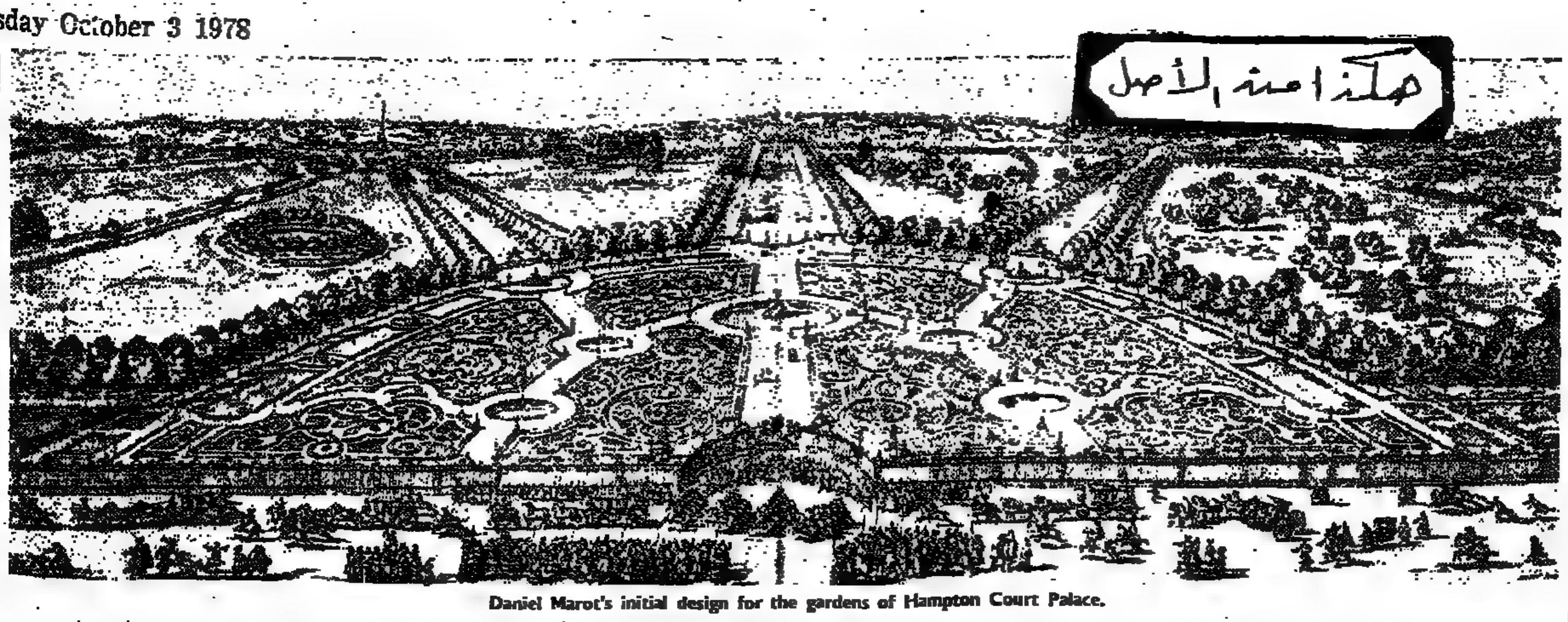
Das Rheingold

The later parts of the second *Ring* cycle have cast changes but there were none in last night's *Rheingold* — which leaves only dribs and drabs to be said. Colin Davis was remarkably successful in forecasting the sweep and scope of the whole tetralogy while keeping the scale of this *Rheingold* within preludial bounds. *Rheingold* is "early" in two ways — in the context of Wagner's work as a whole and as part of the *Ring* whose writing and composition took up so much of his career. Some of the music (Freia's, especially) has a kind of freshness which was not to reappear, and this aspect of the score was finely realised.

With a set like Syoboda's for the Friedrich production it is presumably inevitable that the first two parts will be given on consecutive evenings. Yet this inevitably entails a certain amount of holding-back for *Walküre* for the singers' sake. One felt this last night with Donald McIntyre's Wotan and with Josephine Veasey's Fricka. He, as usual, had some forceful phrases (how well he shows anger and frustration) and she some expressive ones after the disappearance of Freia and her golden apples, yet neither would have given anyone hearing them for the first time much idea of their full Wagnerian potential. There is something to be said for the old solution of changing the singers of the big roles that recur.

The choicest singing came from Robert Lloyd as Fasolt—absolutely clear, even line, splendid tone-quality. Matti Salminen's brother giant Fafner was also good, as usual, but sacrificed more to characterisation without making more effect. Rachel Yakar's Freia earns her a chance to show Covent Garden audiences what a charming and stylish artist she is. Hermann Becht's Donner produced a volume of sound worthy of his mighty hammer-blow. Patricia Payne's Erda was imposing (if only the Coliseum Erda was able to appear like this at the front of the stage), the remaining performers were much as before; though the Rhinemaidens blended poorly in the first scene, where the mixture of amplified and unamplified sound is very nasty.

RONALD CRICHTON



Daniel Marot's initial design for the gardens of Hampton Court Palace.

Re-discovering English gardens

by Dr. ROY STRONG

During the summer we went to Westbury-upon-Severn to see one of the National Trust's most imaginative ventures, the restoration and re-creation of the formal gardens laid out by a lesser country gentleman, Maynard Colchester, at the close of the 17th century. Alas, the manor house has been swept away, but the garden, which is in the style of Dutch William, with its long rectangular canal, its stately walks made of ilex and yew and its patterned flower beds, have all been put back. The canal has at its head a pretty redbrick pavilion from the upstairs windows of which the visitor can look down on to the geometry of the garden but in an earlier age it was also possible to look to the river beyond. In short we found ourselves actually walking into one of those aerial views of country houses published by Kip in his *Britannia Illustrata* at the start of the 18th century. And what a delight it was!

Ham House is the scene of a second such imaginative project by the Trust, the restoration of the gardens of the house as we know them to have been in their heyday, when the Duke and Duchess of Lauderdale transformed Ham into the epitome of Restoration opulence. As in the case of the restoration of a historic building, that of the gardens raises as many problems. What should be put back and what not. Every case has to be argued on its merits and on the availability of evidence (and money).

In the case of Ham, for instance, the garden which preceded that of the Lauderdale's, that of Sir Thomas Vavasour, was certainly far more important. But garden history and archaeology are in their infancy. Most people probably have not even begun to think of a garden in these terms but they should. We still have no listing of gardens in this country and as research is still barely beyond the exploratory stages, such listing could never arise anyway above the rudimentary. Dr. Lindstrum of the University of York has just supervised work on investigating a single riding of Yorkshire which alone threw up some 2,000 gardens of significance.

Next year is the Year of the Garden, a fact to be commemorated throughout the country under the leadership of the English Tourist Board and which will have its focal point in a spectacular exhibition at the Victoria and Albert Museum, called "How Did Your Garden Grow? A celebration of a thousand years of British gardening." From this there ought to emerge an increasing awareness of our garden heritage, far too often taken for granted. Out of it, too, should arise the possibilities of restoration and re-creation. Thanks to that monster Capability Brown and his followers, England, alone in Europe, suffered the wanton destruction of two hundred years of its garden history swept away to be replaced by lawns, hills, irregular lakes and clumps of trees. We have an *embarras de richesse* of landscape gardens. What we now need carefully to consider is how to restore and re-create those of the missing eras.

Chevening House is a case in point. The great house of the Earls of Stanhope in Kent was left by its last lord as a residence for the Prince of Wales. Restoration has transformed a mouldering wreck into an early Georgian house of great style matching its appearance in the engraving by Kip at the beginning of the 18th century. That aerial view also records its marvellous gardens, totally in the French manner, house and garden locked together axially in a geometrical unity.

This is perhaps exceptional in England, the English not caring for such a doctrinaire and assertive aesthetic in their planning. And beneath what is now an irregular lake stretching from the back of the house lies the lines of the original clean cut formal lake which will complement the surviving formal allées of the wilderness around. If this is restored it will take its place as a visual complex of historical importance in the history of the evolution of the English country house.

The existence of the old lake beneath the irregularities of the landscaped surface raises the whole question of garden archaeology and reconstruction. Until now we have been piecemeal about this. But up and down the country beneath the top soil lies our inheritance of rococo, baroque or, even, Mannerist gardens. So far no one has been brave enough to tackle re-creation on the scale being undertaken at William III's palace of Het Loo in Holland. Not only is the palace interior being restored to splendour but the earth is being skimmed, uncovering the fountain basins, steps and paths of the great baroque garden which is also to be put back to its great days.

Who knows but that beneath the lawns of Wilton and in the nearby hillside there still lies much of the ground structure of the most famous of all pre-Civil War gardens, that created by Isaac de Caus for the Earl of Pembroke. Although it would pose the problem of moving the famous palladian bridge across the Nadder, there is enough surviving even above ground in the way of pieces from the fountains and the grotto to rebuild the garden. More even than Wilton, one thinks of Hampton Court. Leaving aside what needs to happen to the interior, the garden and park still retain the basic shape of their heyday under William III—the Privy Garden, with its screens by Tijou, elements of the Wilderness and the great garden facing Wren's façade with its *pâte d'oie*, the avenues and canal which stretch over the parkland beyond. Here more than anywhere we have the chance to put back the clock and replant the greatest of all baroque gardens of the late Stuart age.

Screams of anguish would doubtless attend the demolition of the ancient overgrown yews but in 20 years' time we would be strolling by clipped yew obelisks admiring the fountains and statuary as it arose from the re-created embroidered parterres with their patterns of scroll-work in box. How beautiful it would be and what an enhancement to Wren's architecture conceived to match such a planting. How extraordinary, too, to be able to look down from the staterooms on the piano nobile, as one was meant to do, on to the patterns and out through the perspective below.

Gardens, we have to accept, sooner or later outgrow themselves. We stand on the brink of a new and startling adventure in restoration which in this country remains virtually unexplored. It is within our grasp, more than with any other area of restoration, to go back in time. In order to achieve this we must have confidence and not let sentiment and British muddle stand in the way of formulating a long-term programme to restore to this country some of its lost garden inheritance from the era before the blight of Capability Brown.

Bush

The Transfiguration of Benno Blimpie

You do not see little fat Benno in the squalid scenes of his family life. His tough father takes time off to upbraid him for being fat and soft and solitary, and his shrewish Neapolitan mother tries to stop him eating so much as she bemoans her miserable lot. His grandfather shoos him away, so that he can pursue his attempts to rape a nymphomaniac schoolgirl, attempts that end with his murder and the theft of his month's security cheque. But Benno is not there.

He is lying in the middle of the stage in white overalls, as fat as the Michelin man, and his first words, like his last, are: "I am eating myself to death." As he does so, he fills in the spaces in the family pattern that are not shown in the other scenes. Though he is the butt of everyone's contempt and ill-humour, he has in fact been endowed by God (the family are practising Catholics) with an instinctive appreciation of fine painting, perhaps even a talent for it. This interests no one but himself. The world thinks he should be playing ball games of various kinds.

And this is the theme of Albert Innaurato's moving little play. It is not a new theme, the difficulty of sustaining an artistic leaning in a philistine world, but Mr. Innaurato's treatment of it is novel and persuasive. Poor Benno, to whom Robbie Coltrane gives more feeling than you would think likely as he lies there like a fat chrysalis, decides that the one talent he has made public, the talent for eating too much, must provide him with his death-sentence; you see him literally beginning to eat himself, having first been marked out into joints and provided with a meat-cleaver.

Leonard Burt

Robbie Coltrane with Lynda Marchal and Vincent Marzello

The use of the analogy is what distinguishes the poetic young American writers from the political young British ones; and in spite of the unlikeable nature of some of the action and the coarseness of the family's language, poetic is what this play certainly is. Mostly so in Benno's dialogue, where we are free from the sordid realm of reality and move freely in the territory of the mind.

The play is admirably performed by a well-cast company under the direction of Simon Stokes. Vincent Marzello and Lynda Marchal play the father and mother, Michael Poole is the creepy old grandfather, Madeline Church the 13-year-old. The designs—four contrasted areas lying side by side—are by Gemma Jackson.

B. A. YOUNG

Festival Hall

Khachaturian

by DAVID MURRAY

The death of Aram Khachaturian last May seems to have lent new interest to Armenian music, and last night the Institute of Armenian Music presented a memorial concert for him. Loris Tjeknavorian conducted the London Symphony in the very early First Symphony, the familiar Violin Concerto and some of the innumerable dances from *Gayaneh* (omitting, with admirable restraint, the Sabre Dance). To all the music Tjeknavorian brought pressing energy and a precise beat; in the nature of the case most of the concert had to be extremely loud, though we had the revised version of the Symphony with a quiet ending to the first movement, and Tjeknavorian made a generous cut in the frenzied *Gayaneh* Lezghinka.

There was doubtless a felt need for a concerto which would combine the direct appeal of a Russian ballet score with a good deal of fierce *détaché* bowing on the G-string, and Khachaturian hit the mark resoundingly. It was interesting to learn from the programme that the second subject is "imbued with that spirit of melodic contour, modal inflexion and rhythmic shape typical of Armenian folksong"; I had always supposed it came straight from Grieg. Ruggiero Ricci attacked the work with the proper gutty ferocity, and a cajoling way with the high-register keening too. Apparently the melodies of the slow movement "look to the example of the *ashugs*," though the provenance of the climactic motif might seem to be the finale of *Madama Butterfly*. It would be pure fantasy to detect "Rustles of Spring" in the main Allegro vivace tune, and in any case the composer throws so many other things into the pot that it would be inept to seek for one single inspiration for the music.

Khachaturian remarked: "The most important thing in a composer is his personality, his aura"—and certainly his own manner is as identifiable as, say, Mantovani's. It was interesting to hear the elements of the manner being tentatively assembled in the First Symphony, his graduation exercise, and more interesting still to find that its first movement is indeed articulated more or less symphonically. (The structure begins to crumble thereafter, and the hectic Finale needs a lot of leaping Georgians to hold it together.) Tjeknavorian clarified such polyphony as there is in it quite expertly, and the London Symphony played up with shameless glee. A particular pleasure in the Concerto, besides Ricci's panache, was the ethnic warbling of Roy Jowitt's clarinet behind him, exotic and exuberantly wild.

Purcell Room

de Saram/Young

Rohan de Saram and Douglas Young began their Sunday recital rousingly with Bartok's cello-and-piano version of his First Rhapsody. Mr. de Saram's throaty, virile tone is ideal for this Magyar excursion, and with his lithe agility in the Friss one had to admit that the violin of Bartok's original has no prior claim on the music. Mr. Young rightly attacked the piano part with uninhibited fervour, as he did too in Sibelius's bizarrely obsessive *Malinconia* (from 1902, the time of the Second Symphony). Both players adopted a suaver manner for a recently unearthed "Romance" by Delius, without sacrificing their engagingly personal style. They make an exciting and adventurous team.

De Saram then disappeared behind the three music-stands which held the enormous score of Xenakis's solo *Kottos* to give its first London performance. It begins with a hackle-raising roar, and then bursts into pyrotechnical glissandi and hoarse, urgent shouts; there is a long section of steadily permutated phrases in stamping rhythms, and a tiny coda of eerie, weightless whistling from the stratosphere. Xenakis has supplied the framework for a striking tour de force which counts on the cellist to find the thread of musical sense in it; de Saram did that with fierce conviction, and astonishing technical address.

Young took up a wood-block to accompany his own *Sketches*, written for his partner. "Doodles," rather; the composer described the form of the work as "open-ended," but less kindly epithets sprang crossly to mind, as extravagant cello-exercise succeeded exercise to no cumulative effect. Frank Bridge's strange, intense Sonata for cello and piano (written during the Great War) was far more rewarding, despite—and perhaps partly because of—its feeling of vainly seeking a form to accommodate Bridges volatile material. The performance was passionately committed, and full of intelligence.

DAVID MURRAY

Elizabeth Hall

John Bingham

by DAVID MURRAY

John Bingham's recital on Sunday afternoon was technically expert, musically thoughtful—and curiously, consistently muted. The *una corda* pedal on his piano seemed to be down as often as it was up; the initial impression of considerable strength held in check waned as it became evident that it was not going to be released. From the ninth row, I wondered whether his fleet account of Bach's Chromatic Fantasia and Fugue, with a minuscule dynamic range, could really be penetrating to the back of the hall.

He set about Beethoven's so-called "Eroica" Variations and Fugue, op. 35, as if determined to remind us that the nickname derives merely from the later Symphony which uses some of the same material: it was not an heroic performance at all, but a gentle, deeply introspective one, with weighty pauses for reflection in the second half of every variation. A true singing line sustained it all, and there was nothing limp about the rhythm—Bingham has not only a strong left hand, but a mastery of musical pulse which kept the work alive through all its length. The Fugue was again unwontedly ruminative, but lucid and quietly purposeful: a performance of surprising rewards.

Tonal discretion almost silenced valour in Chopin's op. 10 book of Etudes. They became virtually a set of intricate miniatures, which cannot be right. Once more Bingham's musicianship was everywhere apparent, but in receding hues. The essentially lyrical studies did not suffer, and indeed some few of the others enjoyed a sharper attack—the violent fourth study, for one, and the tenth (charmingly light and brittle here); but there was a besetting want of breadth. The pianist's fluent right hand—too reluctant to articulate Chopin's figurations with energy—was regularly overpowered by his left, to the point where I began to wonder whether his instrument simply had a dull upper register. The general effect was of shapely melodies set against indistinct washes of semiquavers; there is far more to the Etudes than that, and it should be heard.

Festival Hall/Radio 3

Ivan the Terrible

by MAX LOPPERT

For the oratorio that Abram Stasevich created out of Prokofiev's music for the Eisenstein film *Ivan the Terrible*, Riccardo Muti is a passionate and energetic advocate. The performance he gave on Sunday night with the Philharmonia Orchestra and Chorus painted the orchestral colours onto bright banners of sound — such things as Prokofiev's employment of high clarinet, sawing double basses, glockenspiel and celesta in unison, and great growling tubas, made a particularly large and stirring effect.

The chorus was disciplined, steady, and secure in whatever it did (the mixture of speech and simultaneous song in the penultimate chorus was especially well managed). Perhaps the tone colour was less vibrant than an equivalent Russian choir might achieve — though, probably, with very little of the careful intonation and smooth ensemble in which this chorus is so strong. Boris Morgunov delivered the narrations with much of the high-styled, rhetorical majesty of Eisenstein's actors; even without understanding the Russian words, I found him vivid, forceful, and moving. The baritone, Anatoly Mokrenko, was dashing in Fyodor's song—a pity there was so little for him to do. Julia Hamari's contralto was a touch light for her music.

Generally, the performance was brilliant and glowing. But the work itself does not fully repay such enthusiasm. While the colours in which it is painted are bright, the strokes are broad, sometimes crude, often short-winded in inspiration—there is very little in *Ivan the Terrible* to equal the memorable simplicity, the broad tunefulness of, say, the contralto lament in *Alexander Nevsky*. Perhaps there is one melody that has something of that quality—first heard orchestrally then in an unaccompanied chorus; but the same melody recurs, in far more definitive form, in Kutuzov's aria in *War and Peace*. The programme note wondered why Prokofiev failed to make a concert work of his *Ivan the Terrible* music, after the success of *Alexander Nevsky*. Perhaps the composer himself recognised that the material would be less fruitful for the purpose.

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Without a mandate

THE KNOW-NOTHING votes at the Labour conference on incomes policy and economic strategy are not altogether surprising: it is not the first or the last time that the leader of a party in office has been embarrassed by the impatience and blind prejudice of his supporters. Mr. Callaghan may well feel that there is no need to take any notice of what Mr. Sidney Weighell, of the National Union of Railwaymen, called "a mere emotional spasm—a vote for the philosophy of the pig trough." Nor need he take much notice of the arguments of delegates whose minds are so clogged with ancient slogans that they can no longer see the real world, and base their arguments on "the profits of property speculators," many of whom are now bankrupt, or refuse to acknowledge the sharpest recovery in real wages for more than a decade. This was a contemptible debate.

Difficult stage

However, on this occasion soldiering on is not enough. An immovable policy cannot be justified by the irresistible prejudice of its opponents, and obstinacy is a poor substitute for authority. Although he has been likened to Moses, Mr. Callaghan does not claim that his policies are divinely inspired, nor are they graven in stone. Democratic government is in the last resort government by consent: and unless the Prime Minister can contrive a policy which has at least the grudging consent of those affected, there seems little reason why Parliament should in November renew his authority to carry on by sheer willpower.

That consent must somehow be wrung from the TUC. Mr. Callaghan and his Ministers now stand beyond retreat for the doctrine that their brand of Socialism includes some planning of the growth of incomes: but this need not mean a rigid single-figure norm. The norm is there, as Mr. Weighell pointed out, because the TUC refused to accept any responsibility for orderly bargaining.

That whole approach has now been formally rejected both by the TUC and by the conference: but by yesterday evening, some of the Government's most outspoken opponents seemed appalled by the consequences of their own victory. If the TUC is half as flexible as it is asking the Prime Minister to be, some compromise, which would allow for the adjustment of differentials without endorsing the destructively extravagant wage claims which some unions are now presenting, ought to be possible.

If any such compromise is to be reached in the very few weeks available, Mr. Callaghan will have to talk more realistically about the aims of policy. The Government has talked only about checking inflation; it has not pointed out that a wage acceleration in the context of a firmly anti-inflationary monetary policy would do as much to raise unemployment as to raise prices.

In any case, it is not very clear that government restraints have had any very startling effect on the average rise in earnings; it has been within a point or two of what an unconstrained monetary forecast would suggest, and is likely to be so again. However, the extra 1 per cent or 2 per cent would not have gone to workers in general, but to a handful in an exceptionally strong bargaining position.

What is really wanted from the unions, by the CBI as much as by the Government, is a collective commitment to realism, rather than unthinking support for those who shout loudest. If the unions want to be trusted, as Mr. Joe Gormley demanded, they must do something to earn trust. Their immense legal immunities are not a licence to rob.

Unpopular

The idea of any effort at moderation by the TUC, at a time when the militants are making all the noise, may seem far fetched; but the union leaders, so far as they can claim to lead, must be aware of the consequences of an open split in the labour movement if it is allowed to persist. Mr. Callaghan claims that his approach has general support, and opinion polls in the past have confirmed his belief. The unions also know that they are deeply unpopular. The Prime Minister has already implied a threat to appeal to a higher source of authority than the party conference, by going to the country; and although this is probably largely rhetorical, he and his supporters know that Parliament could shortly leave him no choice in the matter.

The minority parties will find it hard to support a government which for the moment has lost all authority for its policies. The Prime Minister and the TUC have a few short weeks to show that the labour movement is a movement and not a rabble, and that they lead it. Failing that, the party has voted for its own defeat.

New optimism on SALT

BOTH Washington and Moscow are once again making encouraging noises about prospects for the signature of a new strategic arms limitation agreement (SALT II). At the end of last week, President Carter said he hoped that agreement could be reached by the end of the year, and both sides agreed that there had been "some movement" during the latest round of negotiations that finished in Washington at the week-end. Mr. Cyrus Vance, the U.S. State Secretary, is now to fly to Moscow for further talks with Mr. Andrei Gromyko, his Soviet counterpart, in the second half of this month.

Overdue

It is, of course, easy to be cynical about such optimistic pronouncements. They sound remarkably similar to the forecasts of imminent agreement that have been heard on numerous occasions in recent months. After the Vance-Gromyko meeting in Moscow last April, the Americans said they were reasonably confident that the five-year-long negotiations could be finally wrapped up at a summit meeting between President Carter and Mr. Brezhnev some time in July.

The final stage of such negotiations is inevitably the most difficult. For many months, the Americans have been claiming that 95 per cent of the new agreement is already incorporated in the voluminous draft text that already exists. It is also generally thought that Mr. Brezhnev and President Carter will want to take the credit for resolving a couple of important issues when they finally meet. As no Carter-Brezhnev summit has yet been announced, the assumption must be that a number of serious gaps still remain to be closed in the area covered by the last 5 per cent of unsolved issues.

Nevertheless, the overall climate in which the negotiations are being conducted has improved in recent months. The general tone of bilateral relations between Moscow and Washington is less acrimonious than it was earlier in the year. A major factor has been a more sophisticated less alarmist American interpretation of the Russian threat in Africa matched by some indications of restraint by the Cuban forces there. Meanwhile President Carter's hand has been strengthened by Congressional victories and the Camp David summit success. The President's authority will be a key factor in the administration's battle to secure Congressional approval for whatever SALT II agreement finally emerges.

At the same time, there is now much less talk in Washington of linking a new SALT agreement to Soviet good behaviour in other areas. The view that SALT is so important that it must be judged on its own merits seems, for the moment at least, to have won the day. That does not mean, however, that SALT is totally isolated from other developments.

Western Europe

It will be a pity if what is likely to be an acrimonious debate over the terms of a SALT II agreement has the effect of retarding serious consideration of the SALT III negotiations that are due to follow—particularly in Western Europe. The SALT III talks are likely for the first time to include weapons systems based in, and targeted on, Western Europe, and could have major implications for the future of the British and French nuclear deterrents. If the SALT II agreement really is to be concluded by the end of the year, it is high time for much greater attention to be focused on what lies beyond it.

SWISS EXPORTS

BY W. L. LUETKENS

Risks and rewards of the rise of the franc

SWISS EXPORTERS, like their neighbours in West Germany, have been crying "wolf" for so long that it is difficult to persuade oneself that the latest appreciation of the Swiss franc will place them in serious trouble. But equally, sooner or later the constant process of revaluation had to have some effect on their sales, and there is some reason to suppose that the moment of crisis may have arrived.

The note of anxiety in Berne is unmistakable. Dr. Fritz Leutwiler, Governor of the central bank, has described the strength of the Swiss currency as ridiculous and suggestions have even been made that stimulatory measures may be required next year to save the Swiss economy from a severe setback. What is perhaps more revealing is that Berne has evidently hesitated to resort to the measures that have been applied and re-applied in the past in similar situations. The impression is hard to avoid that the authorities are themselves puzzled by the problem.

Doubled in value

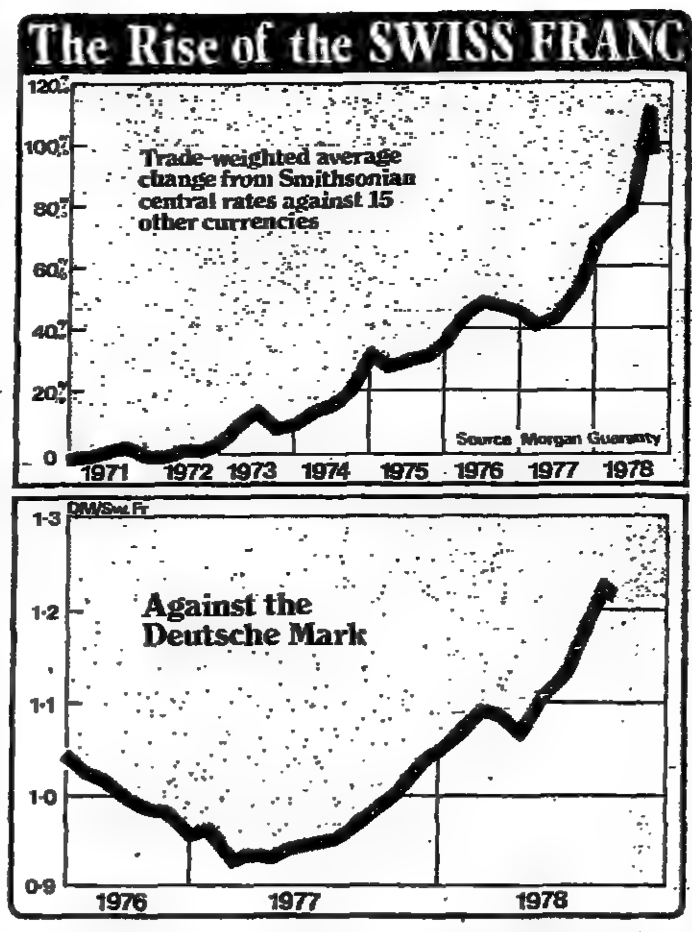
One figure alone really suffices to show up the size of the problem. Trade-weighted, the value of the Swiss franc has more than doubled in value since 1971, compared with the currencies of the customers of the Swiss. Much of that appreciation, of course, has had nothing to do with trade as such: capital movements into a country of political stability and with not too inquisitive a tax collector have been the mainspring. For that reason the Swiss have taken a succession of measures intended to ward off capital inflows. It would be wrong to write them off as a failure, since nobody could possibly tell how high the franc would have been without them. But the fact remains that the desired effect was not achieved.

The defensive measures reached a high point early this year when foreigners were barred from purchasing Swiss securities (except for a quota of franc-denominated loans raised on behalf of foreign borrowers), and when a punitive levy of 10 per cent a quarter was imposed upon franc deposits held in Swiss banks on behalf of non-residents. Even then, it was clear that loopholes could be found, for instance by placing money not with a bank but with a life insurance company. As part of the new policy now painfully evolving in Berne, the measures have in part actually been softened. The non-resident quota in foreign loans has been raised, and the purchase of Swiss securities is permitted to non-residents provided they are only reinvesting the proceeds of the sale of other Swiss securities. The reasoning behind the relaxations in part is that low interest rates will help to tether the franc.

The difficulties in which the Swiss find themselves arise to a great extent from conflicts between several objectives pursued in Berne. Thus there is a general revulsion against interference with the freedom of international business, lest it encourage protectionism in the world. With exports of goods and services accounting for almost one-third of GNP, that is a prospect that the Swiss cannot stomach. The same argument applies in the field of finance. Throughout, there has been a determination not to impair the position of Zurich as an international financial centre; willy nilly that must mean a readiness to deal with the foreigner, even if he is trying to ride on the coat tails of the franc.

There is another contradiction that may be about to become a very poignant one for the Swiss. Throughout recent years the central bank has again and again intervened heavily against the franc in the interests of exporters and the tourist trade. Renewed and heavier recourse to this policy is now forecast. So far, the bank has accepted the concomitant that money supply will increase (by an estimated 10 per cent in 1978). So far, too, the bank has been proved right to the extent that the inflation rate is something from a fairytale: in August the cost of living was all of 1.1 per cent higher than a year before, and wholesale prices are actually falling, the latter fairly obviously the result of increasing pressure from imports. The question that may now arise is whether continued intervention will serve to increase the inflation rate, and how the Swiss authorities and, indeed people, may feel about that.

The tangible results so far do not give them much cause for complaint. They got over a recession in 1975-76 with relatively little pain. Last year GNP grew by 4.3 per cent, and this year 2 per cent is forecast. Not much, but not terribly low either for a mature economy. The price paid was really one in employment. The labour force was run down by about 300,000, two thirds of them migrant labourers who left the large foreign work force for home. The remaining 100,000 were Swiss, most of whom were women or part-time workers who had been sucked into employment during the preceding boom. It is notable that even after this shake-out, some 600,000 foreigners remain. A contingent of something like that size is considered a structural feature of the economy: xenophobe propaganda against them meets little response either from business or from the Government.



Given the manner in which the workforce was run down, it has been possible to keep the unemployment rate down to its usual minute amount: 0.3 per cent at the last count. Moreover the number of people at work has begun to increase again, by some 1.3 per cent in the 11 months to August. Those statistics, however, also show where the appreciation of the franc has hurt most. Employment in the clothing industry was down by 2.4 per cent, that in the textile industry by 1.2 per cent and in the chemical industry by 0.5 per cent.

Taken overall, the export figures so far available show no obvious ravages of appreciation. Exports in the first eight months of this year totalled SwFr 27.2bn (about £8.4bn) as against SwFr 26.8bn in January-August 1978—a nominal increase of about 1½ per cent, but a far greater real increase given the rise of the franc. The mechanical engineering industry was among the best performers, the chemical industry held its own, whereas the textile clothing and shoe industries suffered reverses of differing gravity.

It is worth looking at some of the sectors in greater detail. In August, exports of chemical fibres were down by 7.7 per cent in value; those of yarns made of chemical fibres were down by 3.6 per cent, and those of materials woven from chemical fibres were actually up by 1.3 per cent. No doubt there is something fortuitous to these figures, but the message is fairly clear: the greater the added value, the better the prospects. And indeed, the Swiss have been moving up market with their products in many sectors, hoping thereby to reach areas where demand is relatively unresponsive to price. The entire story of Swiss (and German) exports for longer than a decade shows that, for instance, machines built to high specifications are such an area.

The watch industry is another case in point. A few years ago the traditional Swiss watchmakers appeared to be at the end of their tether, caught between cheap mechanical watches from low wage countries and the new-fangled electronic watches. By now the Swiss have moved up market with their mechanical and quartz watches, avoiding the cheap digital watch. There has been a shake-out in the industry, but its exports are once again rising.

Upgraded form

It has been a distinct source of strength in the recent situation that the Swiss economy is heavily dependent upon imports of raw materials and industrial components. Imports have been coming in more cheaply in franc terms and have thereby helped to hold down the inflation rate and with it labour costs. A sizeable portion of Swiss exports must also consist of components and raw materials re-exported in upgraded form. That portion of exports has been by and large exempted from the effects of the appreciation of the franc.

The evasive action that Swiss companies have been taking has consisted not only of moving up market, but also of transferring abroad an increasing part of their production: that applies especially in the case of chemicals, shoes and foodstuffs. What has been kept at home has been the more specialised items, such as pharmaceuticals, with their higher added value, greater demand for skills, and incidentally lesser environmental problems.

The process of specialisation and moving upmarket can take on some odd forms. Whatever it does for its designer, the ladies' watch with half a dozen brilliant cut diamonds inserted under the glass to roll about merrily will not by itself save the Swiss economy. But what has been going on really is the counterpart in industry to the shake-out in the labour force. It is a kill or cure medicine as a large number of bankruptcies testify. Profits have clearly come under pressure in export markets, and also at home from rising imports. In January-August of 1978 they came to SwFr 28.173bn, leaving the usual visible deficit, even though investment income (amounting to SwFr 6bn in 1977) and tourist revenue usually put the current account into the black. That often leaves something over for net capital exports in spite of all the capital inflows.

Not that the success story so far—and so far it must be accounted one—has been achieved entirely by good management and the curative effect of market forces. There has been a little guiding of fate done for instance by persuading the Swiss banks to provide export finance at especially favourable rates for some industries that were or are in difficulties. Watches are a case in point.

The banks acted partly from the realisation that they could not expect to flourish in a sick economy, especially in view of the close links between Swiss industry and the world of finance. But there must also have been an element of public relations involved. The Swiss Social Democrats, who are members of the all but permanent government coalition, have for long suspected the banks of upholding bank secrecy for reasons not entirely altruistic, and hence of being responsible in part for the rise of the franc.

Small businessmen and industrialists (some of whom are among the most dynamic entrepreneurs in the country) have also been critical of both the banks and the Swiss multinationals, whom they instinctively suspect of manipulating the exchange rate to the disadvantage of the smaller man. There has been mounting agitation to modify bank secrecy, to which the banks have made certain concessions. There is a gentleman's agreement, for instance, by which they undertake not actively to seek deposits from foreigners who, by the law of their own country, are forbidden to have Swiss accounts. But the possible loopholes are there for all to see.

For the foreseeable future, one has to assume that the Swiss electorate will grumble but will not want bank secrecy to be abolished. Since any step in that direction could be challenged in a referendum, the consent of the electorate would be essential.

So what do the Swiss do? A split exchange rate has been proposed, with a lower rate for trade than for capital transactions. For that to occur the situation would have to become a good deal more serious. For a start, it may be doubted whether the machinery exists to police such a split: there would be constant leaks from one side of the fence to the other.

An attempt can be made to insulate more industries at least in part by extending cheaper export finance, and, by helping with forward transactions. The banks could perhaps be persuaded to give more help to the exporter who has concluded a contract in foreign currency and then just be afraid that its franc-value will diminish.

Most serious competitor

One very obvious approach remains. Trade relations between Switzerland and West Germany are extremely close, and moreover the Germans are probably the most serious competitors the Swiss have in third markets. Judging by some of the statements coming from Berne, what really upsets the Swiss is not the appreciation of their currency vis-à-vis the dollar and the rest of the world, but the appreciation vis-à-vis the D-Mark. The low German inflation rate accentuates that problem.

Berne must therefore be very tempted to seek salvation in a link with the European Currency Unit that Bonn and Paris are aiming at. Reports coming from there yesterday bear this out. If the franc can be kept in a reasonable relationship with the D-Mark much would be improved from the Swiss exporters' viewpoint.

That is for the future. The immediate Swiss aim is to persuade the world that the franc need not rise forever. Over the years that has proved difficult: speculation has again and again become self-nourishing. If the juncture now reached is as serious as many Swiss believe, it should actually help to damp down speculative ardour.

MEN AND MATTERS

Sticking to tradition

Tiffany's at Blackpool is not the scene of lingering breakfasts but is the ballroom where the Labour Party traditionally starts its jamboree. Thronging between its splendid plastic oak trees on Sunday night, the Socialists joined in a session of Any Questions? which was mainly memorable for the deftness with which Energy Secretary Tony Benn sidestepped questions on the Bingham report: the only time he looked worried was when Shirley Williams, the Education Secretary, improvised on the official line to say that a blockade of South Africa would have been the only way to make sanctions effective.

Later, the stage curtains drew apart to reveal a drably-dressed compere with a girl in a fetching red-sequinned cat suit at his side. So many eyes were fixed on her that it took some time for people to realise that the compere was in fact the Prime Minister.

At this point a minister in a corner was heard to tell one of his colleagues: "The Africans knew for years that we were cheating. It was obvious that the Rhodesians were getting oil from somewhere. The Foreign Office told me that it was coming from Iran via South Africa 18 months after they knew differently." But the minister soon made it clear that the official line on Bingham was not changing, imploring my own colleague to forget this illuminating conversation.

"Sam is watching Tommy Cooper and I'm watching for the Detector Van."

Fabian exports

Its name tends to evoke the past rather than the present but yesterday the Fabian Society survived its tea dance and held a thoughtful, thinly-attended meeting in a room where Barbara Castle's speech on Europe competed with the desperate strains next door of the Campaign for a Labour Victory, a prospect which seemed that much more remote after the leader's failure to suppress dissent on pay.

If the Tories do win the next election, the Fabians can at least console themselves with a big jump in membership, according to the Society's general secretary, Dianne Hayter. "We had a peak of 8,000 or 9,000 members after Labour was kicked out of office in 1970, so if we lose the election our membership would suddenly go up," she told my colleague. The present membership stands at 6,000 including half of all Labour MPs, and the Cabinet to a person—apart from Roy Mason.

If the Society had such a strong membership, why is it still regarded as dilettantish and middle-class? "We do have a problem with our image," she admitted. "But when you look round our membership, it's difficult to see why. The rightist image was incorrect," she says. Fabians were simply thoughtful—"You talk to some of the Young Socialists, they don't know the complexity of life. They are quite happy with slick answers."

Asked if the Fabians had ever thought of changing their name, Miss Hayter said it was out of the question: "It would break an enormous number of national and international links." Among them, she says, is that with Mauritius, whose ambassador in London was due to attend the meeting. He had been a life-long member of the Fabians, and had recruited fellow-members to help set up a welfare state in Mauritius similar to our own.

Moved on

It is tough at the top in the Ministry of Agriculture, Fisheries and Food where the MAFFia—as it is sometimes known in Whitehall—rules to rigorous effect. Witness yesterday's resignation of Sir Frederick Kearns from his post as second permanent secretary.

Earlier this decade his star had beamed brightly when he took charge of farm and food policy at the time the ground was prepared for Britain's entry into the EEC. After entry his work was quickly seen in the development of the strategy which led to the breaking of the French stranglehold on the farm policy.

He struck up close relationships with both Pierre Lardinois, then EEC Agriculture Commissioner, and Fred Peart, the British minister involved, but his fall from grace began two years ago when John Silkin took over at the MAFF.

It was soon obvious that the two men did not get on. Sir Freddie was elbowed out of his position of influence in Common Market negotiations by the abrasive new Minister who had set himself the task of mastering the complex agricultural brief. Last year after a distinctly undiplomatic rumpus in Brussels Sir Freddie lost his place in the EEC policy caucus.

At 57 he is only three years short of the age when civil servants are put out to grass but a ruminatory retirement would never have suited his volatile spirit. Now he is to take up a part-time consultancy post at the National Farmers' Union. His previous post as second permanent secretary has been discontinued, MAFF announced yesterday.

Individualists

Last month British Airways was busy switching routes, shedding any "snob appeal image" and becoming a mass appeal airline which was "human and caring"—or so its public relations staff were saying. But yesterday 50 of us gathered under six chandeliers at the Cafe Royal to hear of British Airways World Arts and Adventure Club. The artistic adventures are varied and exciting, but at prices from £109 to £1,470 are hardly the stuff of mass appeal.

A change of approach? Not at all, British Airways says, insisting that sun, sea and sand will remain the basis of its business. But the Club is to ensure that they are the "airline for all people," and can meet the needs of the specialist traveller, including the rich specialist.

Pride

From Prague comes the story of a middle-aged Czech couple who were walking in Wenceslaus Square when they saw a Russian officer coming towards them. "Greetings, respected comrade colonel," the husband said, raising his hat. "Out of my way, westernised reactionary pig!" the colonel bellowed as he strode past. The wife squeezed her husband's arm: "Isn't it wonderful, he recognised you!"

Observer

Bank of England's new industrial role

BY MARGARET REID

THOSE WHO think the solution to Britain's economic problems lies in grappling with individual industrial problems as much as *in applying the right national* monetary and tax policies are to be found not only in Whitehall and in company boardrooms.

One of the chief among them is Mr. Gordon Richardson, Governor of the Bank of England, under whose regime since mid-1973 the Bank has developed a *new and important* involvement in sorting out the difficulties of certain industries and even individual companies.

So quiet has the Bank's inter*vention been that little is* generally known about it. Yet, in addition to its known role in assisting the revamping of the baking industry and in the *slimming down, with* appropriate financing arrangements, of Spillers, which has withdrawn from bread-making, it has played a discreet and un*publicised part in relation* to the unravelling of problems at certain other well-known companies.

For instance, when J. Lyons faced serious headaches two years ago through the boost given to the burden of its large overseas borrowings by the steep fall in the pound, the Bank kept a close and sympathetic eye on arrangements for combating the *difficulty*. A series of disposals—of hotels and other assets—which was carried out by the company allowed debt to be steadily cut back and, as it happened, J. Lyons is now being acquired in a much-discussed £64m takeover by the giant Allied Breweries. The Bank, however, in no way initiated this merger, which is taking place with Lyons having reduced its borrowings, though they are still large.

Because of the confidential nature of banking relationships, a company with a problem to tackle may sometimes be more *willing to approach* the Bank than a Government Department for a word of advice at an early stage. The Bank may be able, as an observer says, to apply a spot of oil in the works—lubrication which can take the form of pointing the way to certain advisers, *talking* with a clearing bank which may have large overdrafts outstanding to the company, or even nourishing the board's rela*tionship with important* and potentially helpful institutional shareholders.

Concern

The Bank's extensive concern *with industry, the development* of its Industrial Finance Unit, and the appointment of the eminent advisers it now has in this field, are hardly surprising in view of the Governor's background. Mr. Richardson was originally a commercial barrister and, *before* succeeding Lord O'Brien as Governor of the Bank, he was chairman of Schroders, the merchant banking group which advises a wide *range of com*panies, and a director of several leading concerns.

Sir Henry Benson, senior partner until his retirement of City accountants Coopers and Lybrand, was appointed industrial adviser to the Bank Governor in 1975. More recently, Lord Croham who, as Sir Douglas Allen, was successively both Permanent Secretary to the Treasury and Head of the Civil Service, has also become an adviser to the Governor with an active role in the industrial field.

In addition the Bank's Industrial Finance Unit has been built up over the past four or five years to a 20-strong team, which now reports to Mr. David Walker, the Head of Economic Intelligence, who joined the Bank from the Treasury last year. The long-established network of the Bank's regional Agents, *the Governor's eyes and* ears in the provinces, has also taken on added importance as an important, though not novel, feature of the Bank's relationship with industry.

The Bank has concerned itself since 1975 with the problems *and structure of the baking* industry, where its hand has been plainly seen this year in the sequel to Spillers' decision to pull out of bread production.

Then, *in* 1976, the Bank addressed itself to the much fragmented "rag trade" and commissioned Mr. Pat Koppel, a former deputy chairman of Courtaulds, to "examine the structure and financial resources of the clothing industry," which *has been much pressed by Far* Eastern and other foreign competition.

The Koppel inquiry was completed some months ago and its *results have, since then*, been under discussion with industry, representatives of the City and government departments, as the Bank's annual report in July *stated*. These discussions followed many others in recent years through the industry's Economic Development Committee, and in other ways, about *assisting the clothing industry*.

Further action following up the Koppel inquiry is probably not now far away. It is widely expected that one of the objectives which may be emphasised will be the need to take the industry more up-market to distinguish its role further from that of its mass-production *rivals in the East. The Bank* would obviously be concerned with any necessary fortification of the industry's finances.

As evidence to the Wilson Committee on financial institutions has clearly shown, there is no shortage of sources of capital for industry, though *knowledge of them may some*times be inadequate. It is not difficult to imagine that, among eligible suppliers of finance for any appropriate modernisation or expansion of the clothing industry, would be Equity Capital for Industry, the City's *equity bank which has as yet* done relatively little business, and Finance for Industry, the bank-backed body which has also been searching hard for enough suitable lending outlets.

An initiative by the Bank of England in response to the scarcity of funds in the dark cash-squeezed days of the *winter of 1974-75 led, in May* 1976, to the controversial setting up of Equity Capital, which is backed by over 360 investing institutions and by FFI. The *Bank itself owns 15 per cent of* FFI, the rest of whose capital is held by the big banks.

In the most novel and little recognised of its functions in *the industrial context*—helping to solve the problems of individual major companies — the Bank of England likes to keep an extremely low profile. Close observers have described its activities in some cases as those of a "fire-engine without bells."

A glimpse of its role was, however, given in one sentence of its latest annual report in the section on Industrial Finance which was, significantly, considerably longer than in earlier years' reports: "The Bank are also concerned with the problems facing particular sections of industry, especially where their solution may involve extensive financial re*arrangement*" the report said.

The next passage referred to the Koppel report on the clothing industry and the resultant consultations as a specific instance of the Bank's general interest in industrial situations.

But the sentence quoted can clearly also be read as an allusion, for example, to what the Bank did in consultations leading up to Spillers' withdrawal *from the baking* *industry earlier this year*. There, the Bank played an active part in keeping the companies concerned in the preceding negotiations in active *touch and took a close interest* in the development of arrangements by which Spillers obtained substantial short-term facilities from its bankers, pend*ing the working out of new* terms to place its financing on a more permanent footing.

Advisers on industry: Mr. Pat Koppel (left) and Lord Croham.

The Bank is most reluctant to discuss its "fireman" role in problem *situations*, understandably taking the view that the willingness of companies to seek its advice is nourished by the preservation of confidentiality. Naturally, this might, of course, be self-defeating if secrecy about its activities was so total that those who might be helped *remained quite ignorant of what* the Bank could do.

Generally, the Bank sees its role in this kind of situation as that of taking an interest in any problem *which is brought to its* notice, seeing *that the concern* in question is in touch with the requisite advisers and perhaps discussing some broad course of action, such as disposals or *closures. It might* well, on occasion, discuss with the clearing bank or banks involved the possibility of some alteration or easing of the terms of *existing overdraft* finance where this seemed necessary for recovery. Contact with Whitehall is also appropriate on occasion, as the case of Spillers and *the baking industry showed*.

In some instances it may be *that the board of a company* in need of financial backing or with other problems is not in touch with an investing institution which already has a large shareholding and might be willing to help the company or *invest further in it*. On occasion, the Bank has been known to bring such parties together, with fruitful results.

It emerged publicly in a recent court hearing concerning Burmah Oil—the subject of the Bank of England's best-known and by far *its most* dramatic intervention in the industrial sector—that in late-1974 the Bank had a request out to merchant banks to be *informed as soon* as possible of any major financial problems under their knowledge.

The Bank sees its role of doing good behind the scenes as easier if companies with a problem come to it in good time. This appears to happen more often *nowadays*.

A question of a different character at present occupying the Bank is the idea of a possible bank loan guarantee *scheme* for *small* and medium-sized firms which have exhausted their unsupported ability to borrow. In its recent report, the reconstituted Committee on Finance for Industry (headed by Lord Roll, chairman of S. G. Warburg, the City merchant bank) of the National Economic Development Council did not make a final recommendation on the desirability of launching such a scheme—of the kind run in the U.S. by the Small Businesses Administration—in Britain.

But the report did say that an experiment might be worthwhile. As a result, the Bank is at present engaged in much preparatory work about the form which such a scheme could take if it were eventually launched. Some observers rate the chances of the establishment of such a *guarantee arrangement* at 50:50.

The Bank has also sought to fill what it feels may be an important information gap by publishing, jointly with the City Communications Centre, a guide to financial sources called "*Money for Business*." Copies of this booklet, price £1, are obtainable through banks or accountants or direct from the Bank of England itself.

Within the Bank of England's sizeable Industrial Finance Unit one area where expertise is being enlarged is in *the com*puter study of company statistics. The unit has, for the past few months, been taking the Datastream service, which is used *to study ratios of the* various kinds cherished by analysts. Borrowing figures, gearing ratios and other measures of companies' situation and health are scrutinised.

It does not appear that the Bank, at present at least, uses the computer statistical service as an early warning system of emerging corporate problems. But the service plays a valuable role *for the comparison* of the position of any individual concern which is being looked at with the averages for its own sector, and could be used exten*sively for varied other studies*.

One important aspect of the Bank's position vis-a-vis industry is that its team of eight Agents in regional centres, including Birmingham, *Liverpool*, Manchester, Leeds and Glasgow, keeps in close touch with industrial trends in the areas and relays the resultant information to the Bank. The results of this service are also made available to the Government.

The links the Bank thus maintains with the regions have been reinforced lately through *periodic visits of some of the* Bank's directors and other senior staff to the various centres, where social gatherings are held with local industrialists to advance discussion of relevant issues.

Letters to the Editor

Protectionism and the weak

From Mr. W. Calvert

Sir,—Your editorial "Protectism hurts the weak" (September 27) shows some lack of awareness of the issues faced *by governments of* developed countries in dealing with low cost imports.

In the footwear industry, which is not untypical of many consumer goods industries, published figures indicate that approximately three-quarters of the world's shoe making capacity currently operates behind non-tariff barriers or in most cases complete *bans on imports*. *Thus*, trade for most of the world is already regulated or simply prevented. The only markets of any significance that have remained open are West Europe (with non-EEC countries protected by high tariffs) and the U.S.

It follows that, while we have to contend with the concentrated marketing efforts *of all the* world's most powerful footwear exporting countries on our home market, our exports are shut-out from most markets in return. Ideally we would like to see the barriers erected against us removed; we believe that we would *be fully competitive on* level terms in open markets. In practice for various reasons this is unattainable and hence the only course apart from suicide is to erect our own barriers.

It is also too simple a picture to imply that strong countries are protecting themselves against weak countries. In our industry the weakest countries tend to *have no exporting capability* at all. In recent years the fastest growing exporters have been a few newly *industrialised coun*tries who have developed their industries behind bans on imports and who in many cases are now running comfortable balance of payments surpluses. With their low wages, long hours of work, easy access to Western *technology*, design ideas and markets, and their refusal to accept imports in return they *hold all the cards in a growing* number of industries and can in no sense be portrayed simply as the weak.

W. N. S. Calvert.
British Footwear Manufacturers Federation.
Royalty House, 72, Dean Street, W.1.

Restraint of competition

From the Director, The Knitting Industries' Federation.

Sir,—I am dismayed by the *short*-sighted hypothesis expounded in your leader of September 27, under the emotive heading of "Protectionism hurts the weak."

It is accepted that no reasonable person *should* attempt to argue against the paramount need to promote international trading *policies which* will advance the often unacceptable socio-economic situation, in the less developed countries. *This* must, however, surely not be achieved at the expense of sacrificing established and *essential* industries in the developed world which, like textiles and clothing, are largely employers of labour.

In spite of a reduction of 1m over the past decade, over 3m workers continue to be employed in *textiles* and clothing in the EEC, representing 10 per cent. of total employment. Many of these *workers are* female, with limited job mobility, who are invariably concentrated in regions of the member *states* where there is already a high level of *unemployment*, e.g., in the UK, the North and, more *recently*, the East Midlands, despite above average industrial diversifications. *It is inconceivable that* many of these jobs should be allowed to be sacrificed on the altar of trade liberalisation.

Low cost imports of textiles *and clothing, from Third World* sources, are often the products of labour which is grossly exploited in a manner repugnant to the international Labour Organisation, which benefit from export subsidies and where the heavy overhead costs of *social policy and environmental* charges do not exist. Beyond that, the domestic industries in these countries are *paradoxically* protected by truly penal tariffs and non-tariff barriers which are not only applied against goods from developed nations but *also other developing countries* which enable their industries to achieve high levels of profitability within their own domestic markets.

Textiles, clothing and footwear no longer stand alone. As recognised in your own scenario, *other more capital intensive* and higher technology industries, such as steel and TV sets, are no longer insulated from the market disruption generated by low labour cost economies. As capital and know-how seek out sources of cheap labour, this *established trend* will continue, as night follows day, to the point where only those engaged in the very highest technologies *may* feel secure but, such industries are usually low users of labour. What then, do we do with labour redundancy on such a massive *scale*? No, this must not be allowed to happen. Realism and common sense dictate the con*tinuing need for effective, orderly* marketing arrangements between developed and developing countries, until a greater equilibrium is achieved in the factors of production. Such a policy is also in the long term best interests of today's developing *countries who, in turn, will one* day themselves become more developed relative to the next generation of developing nations.

The plea is not one of total protection but, rathermore, the restraint of unfair competition at a digestible level, at the same time encouraging more developed countries and more industries, through wider industrial *diversification in the developing* countries, to accept a greater share of the responsibility of advancing living standards among the poorer nations.

In the absence of such a strategy, key industries will wither, the inherent skills will be lost and then for how long will cheap imports remain cheap?

John P. Harrison.
7, Gregory Boulevard, Nottingham.

Trade with Turkey

From the Managing Director, Withington Hart

Sir,—Referring to D. J. Walsom's letter (September 27) con*cerning restrictions recently im*posed on the import of Turkish cotton yarns. My company has *been trading with Turkey for a* number of years as merchants/importers of textile goods. I *agree with every point raised by* Mr. Walsom.

I was in Turkey when news of the ban was *announced, and can* vouch for the very strong reaction this development provoked *from the Turkish business* community. The method of imposing the ban (by cancellation of licences already issued) was particularly criticised, since this completely disregards the problems, for producer and consumer alike, that such a rapid stop entails. It is made more difficult to understand when one realises that the agreed total *cotton yarn input from Turkey* to the EEC is unlikely to be reached this year. Is the UK *part of the EEC or not?*

I understand that the balance of trade, Turkey-UK is £150m per annum in our favour. It seems to be extremely foolish to prejudice this trade for such a small amount of yarn value left available for 1978.

S. Hart.
Withington Hart,
Century House,
Ashley Road, Hale, Altrincham, Cheshire.

Choice of jobs

From the Liberal Prospective Parliamentary Candidate for Bassetlaw

Sir,—The Conservative Monday club (taking heed of its *party's stance as a guardian of* democracy) has suggested that people out of work for over a year should be obliged to take any job offered for which they are suitably qualified. Their reaction to the suggestion that logic and equity dictate that an employer, *in return, should* accept any employee suitably qualified for any job offered, would be interesting.

As an employer of 800 people, *and in the knowledge that the* working relationship is fundamental to the successful operation *of the enterprise*, *my* reaction would I think be that of most people. Freedom of choice in this area is a basic freedom.

The institution of state or other projects to offer unemployed people employment is a *proposition of altogether* different merit.

Tony Wilkinson
"*Idle Mount.*"
Rectory Walk, Gamston, Nr. Retford, Notts.

Unemployment benefits

From Rowena Mills

Sir,—I must take issue with *Mr. Gleadow over his comments* (September 28) that the failure to tax unemployment benefits does not encourage people to remain unemployed. The fact that this claim is a "popular" one does not in any way undermine its veracity. Indeed as Sir Keith Joseph stated recently, what is surprising is that so many people are prepared to *work in spite of the fact that they* could be better off, or very little worse off, unemployed! Perhaps *Mr. Gleadow is not* as an employed person, aware of the magnitude of these benefits in *net terms—hardly "little bits" of social security*.

As long ago as 1976 a man with three children earning £70 per week in employment received a net income precisely 61p per week more than his unemployed neighbour with a similar number of children and a similar normal earning level. The unemployed neighbour with four children, *however*, also with a *normal* earning level of £70, was as much as £3.78 per week better off. With *the increase in benefits since* that date, the gap has widened considerably. Moreover, the same *argument* that I *raised in my* initial letter in opposing immediate dole being given to *school leavers*, that is, that it is highly inflationary and that wage inflation can only lead *ultimately to increased unemploy*ment, can also be applied to the policy of giving tax free benefits.

I am sorry that Mr. Gleadow has fallen into the "temporary subsidy" trap. Any subsidy in the long term will only prove a deterrent to the free play of market forces and hence will inhibit the optimum use of resources including labour. I think too it would be a little hard to enforce the acceptance of a job unsuited to qualifications immediately following the loss of employment since anyone who has been unemployed will know *that it is virtually a full time job* initially seeking employment particularly at the higher levels of skills and management.

I suppose that once again I *would leave myself* open to the charge of right wing extremism if I were to suggest that it would *be very interesting to know what* percentage of those currently unemployed is accounted for by immigrants of all colours. There is no doubt that the level of unemployment among immigrant labour is considerably higher than the average and this is *surely something which the next* Government of whatever complexion must take into consideration in deciding its future immigration policies.

Rowena Mills.
West Grays, Highercombe Road, Haslemere, Surrey.

Transport strategy

From the President, The British Transport Officers' Guild

Sir,—The response (September 26) by the Director-General of the Chartered Institute of Transport to the Guild's letter of September 22 is interesting and *certainly calls for comment; for* it appears that we are both seeking some means by which a more co-ordinated approach to a logical transport strategy could be achieved.

The Director-General would prefer to see the establishment *of one, "all-embracing," Depart*ment of Transport; and we would agree that a good case can be made *for all* forms of transport to be brought within the purview of one Government Department. However, such a transport overlord would still be—perhaps even *more—in need of the best pos*sible factual information and advice before policy decisions *were taken*.

The development which the Guild has been advocating for some *time* is a formal structure through which the various possible solutions for any transport problem can be placed before the Secretary of State in a form which identifies as objectively as possible the optimum solution(s) for the nation as a whole —*not the one which happens to* be most convenient or reflects the most powerful pressure *groups*. *It is the Guild's* view that in a mixed economy the most practical way to achieve this is by the establishment of a National Transport Development Committee, representing both the nationalised and private sectors of the industry.

The Director-General questions what such a committee would achieve and raises the spectre of additional delays in decision-making. The Guild accepts that any achievements must be dependent *upon the quality of the* members of the proposed committee. Equally, the usefulness *of the proposed "all-embracing"* Department of Transport would be dependent on the quality of *the transport overlord himself* and of his permanent staff.

As regards the possibility of *additional delays, all concerned* know full well that the lead times for any transport capital *investment* project are already very long; and therefore further delays (if any) must be seen in their proper perspective.

Surely, what is of paramount importance, as the effects of major decisions on transport infrastructure must, for good or ill, remain with the country for generations, is the need to ensure that any such decisions are as soundly based as possible.

Henry Haydon.
Room 307, West Side Offices, Kings Cross Station, N1.

Today's Events

GENERAL

Prime Minister addresses Labour Party conference at *Blackpool*.

South African cabinet considers the UN Security Council resolution on Namibia.

Mr. Zbignew Brzezinski, President Carter's special security adviser, in Bonn for talks with West German Government.

President Nimieri of Sudan (chairman of the Organisation of African Unity) meets Herr *Helmut Schmidt, West German* Chancellor.

Lockheed bribe trial resumes in Rome.

Stock Exchange turnover figures published.

London Business Show opens, Cunard International Hotel, London (until October 6).

Presentation of the Queen's Award for Export and Technology to Bland *Payne* Holdings at Guildhall, London.

Sir Peter Vanneck, Lord Mayor *of London, attends Gresham* Committee (City Side) dinner at the Mansion House.

Official Secrets trial resumes at the Old Bailey.

Astrid Proll appears on remand at Bow Street Magistrates' Court.

OFFICIAL STATISTICS

Treasury publishes UK official reserves for September.

Bank of England September figures for capital issues and redemptions.

COMPANY RESULTS

Final dividends: Armstrong Equipment. Ingall Industries. Park Place Investments. Interim *dividends: Avery's*. Bankers Investment Trust. Cape Industries. Estates and General Investments.

COMPANY MEETINGS

Dowty, Arle Court, Cheltenham, Glos., 11. English and Overseas Investments, Winchester House, 100 Old Broad Street, EC, 12. Investment Company, 16 St. Martins-Le-Grand, EC, 12.

SPORT

Show Jumping: Horse of the Year Show, Wembley.

Boxing: Alan Richardson v. Les Pickett, Aberavon.

EXHIBITION

Chinese Stamps, Stanley Gibbons Gallery, Strand, London, WC2 (until October 30).

LUNCHTIME MUSIC, London

Pauline Thurburn (soprano) recital at St. Peter-upon-Cornhill, 12.30.

Harold Dexter organ recital at St. Botolph, Aldgate, 1.00.

Margaret Phillips organ recital at St. Lawrence Jewry, 1.00.

City Music Society, Landini Consort, at Bishopsgate Hall, 1.05.

Dr. Harry Gabb organ recital at Holy Sepulchre, Holborn Viaduct, 1.15.

COMPANY NEWS

Marshall Cavendish down £0.6m—sees improvement

WITH RESULTS depressed by the failure of a new weekly magazine and the postponement of a major partwork launch because of an industrial dispute, taxable profit of Marshall Cavendish fell to £574,000 in the 26 weeks to June 30, 1978, compared with £1.2m in the first 24 weeks last year.

Directors say, however, that the group has had a successful programme of autumn partwork launches and that profits for the full year should be about £2.4m, compared with last year's £3.08m.

Sales for the period were £9.57m, again £8.82m, and after tax of £298,000 (£626,000) net profit was £276,000 (£578,000). Earnings per 10p share are given at 1.316p against 2.82p.

There were minority interests of £11,000 (£14,000), and attributable profit came out at £265,000 (£564,000).

The interim dividend is 1.34p, against 1.32p last time, and a final payment similar to last year's 3.056p net is forecast.

● comment

Marshall Cavendish's attempt to break into the weekly magazine market has proved to be an expensive failure. "Faces" magazine lasted only 12 issues and left the company with losses in excess of £500,000. This, coupled with industrial disputes meant that pre-tax profits in the 26 weeks to June 30, 1978 were 52 per cent down. Directors are pinning their second half hopes on three new partwork launches, "On the Road," "Stitch by Stitch" and "Football Handbook." The first of the three, which is designed for car handymen and spread over 98 issues, is shaping up to be one of the most successful publications of the Cavendish group. If the three live up to expectations, pre-tax profits for the year should reach £2.4m. With the shares selling at 51p this gives a p/e of 8.8 and a yield of 13.3 per cent (assuming dividend is maintained).

KCA DIVIDEND

The chairman of KCA International, Mr. P. Bristol, said at the AGM that the company would return to paying a proper dividend as soon as practical. It pays only a nominal amount at present.

Mr Bristol forecast an increase in profits for the current year.

Downturn at Percy Lane

FOR THE first half of 1978 taxable profit of Percy Lane Group dropped from £682,000 to £312,600 on a combination of sales down from £8.71m to £7.94m and pressure on margins.

Mr. R. P. Lane, the chairman, says the weakness in demand referred to in his last annual statement has continued, particularly from continental caravan manufacturers. While some improvement in the UK position has yet to be matched in Luxembourg, the directors expect to be able to pay an increased dividend for the year. The interim is held at 1.2p with an additional 0.03p to be paid for 1977. Last year a 2.08p final was paid on record pre-tax profits of £1.25m.

Of the sales total the UK contributed £2.92m (£2.69m) and Luxembourg £5.03m (£6.02m). Of the profit, the UK share was £49,300 (£89,300) and the Luxembourg share £263,300 (£593,600).

The result is subject to tax of £157,200 (£343,200) with the Luxembourg proportion £131,600 (£296,800). Net profit came out at £155,400 (£339,700).

A revaluation of group properties showed a gross surplus over book value of £1.07m. A decision on the treatment of the surplus in its accounts will be made before the year end.

Lane operates as a manufacturer of glazed aluminium window assemblies.

● comment

Percy Lane's half-time figures are as poor as the company's long-range warnings earlier this year suggested: unfortunately, the upturn forecast then for the second half is by no means assured. Caravan output for Europe as a whole was 20 per cent down in the first half of the year and the immediate prospects for the industry, which has an August/July order cycle, will not be clear until the autumn shows have taken place. The small sales improvement in the UK in the first half largely stems from the group's architectural window division: the Scottish building-window interests, however, are still depressed and Hardall's disposal-chute business has been hit by the downturn in the Middle East construction industry. Threatened strikes at BOC, one of its major suppliers, are also hanging over the group, which is already suffering from excess capacity after having enlarged three factories last year in anticipation of higher sales. Assuming a dividend increased by 10 per cent the shares yield a comfortable 11.6 per cent at 48p.

Parker Timber progress

OVERHEADS CONTINUE to rise, but Mr. K. Whitby, chairman of the Parker Timber Group, is confident that a further prosperous year will eventuate. Turnover for the first five months to August 31 has increased in value by 17 per cent compared with the same period last year.

Freehold premises have been recently bought in Leicester for Parker Timber (Plywood) which will increase capacity and reduce storage and handling costs, the chairman says.

For the year ended March 31, 1978, profits before tax amounted to £2.29m against £2.74m. Group turnover, including direct exports of £236,000, was £45.74m compared with £41.06m.

During the year capital expenditure on projects and machinery amounted to £1.31m — a record. The additions to land and buildings of £381,000 included a new sawmill at Dunston on Tyne (to be opened on October 17), extensive additional buildings at Deptford, and further land in Rutherglen and Pinxton.

It is expected that the building programme in Deptford will be completed by March next year and will increase further capacity and improve services to customers, says Mr. Whitby.

Meeting, Erith, Kent, October 27 at noon.

Haden Carrier £1.03m on better sales trend

A JUMP in taxable profit from £703,000 to £1,025,000 is reported by Haden Carrier, building services and metal finishing engineering group, for the first six months of 1978 on sales £7.2m better at £86.6m. However, after tax up from £436,000 to £635,000, net earnings came out £33,000 up at £390,000.

Sir Allan Pullinger, the chairman, says that the higher level of turnover will continue in the second half. In June he forecast that group profits would move towards a more satisfactory level in 1978. They had reached a peak of £3.27m in 1975 and last year were down at £1.42m.

Although in the UK construction market there are some signs of revival in demand, growth will remain sluggish, while in France the market is still declining with an inevitable and costly requirement to reduce staff numbers. On the other hand the re-equipment of the motor industry with which Carrier Drysys is much concerned, continues apace in most countries, especially in the U.S. where the subsidiary has been awarded a number of significant contracts.

In the Middle East, where the group experienced much difficulty last year, the situation is improving. Even so, with the high cost of supporting UK overheads, together with a conservative approach to the valuation of work in progress, there will be a significant loss from this area in 1978, though at a reduced level compared with 1977.

Work is proceeding to plan, and as several more satisfactory contracts come on stream the directors expect improved results from the Middle East operations in the following years.

The net interim dividend is raised to 3p (2.75p) per 25p share and costs £232,392 (£213,026). A 5.045p final was paid in 1977.

Minorities at half-time took £1,000 (£6,000) and the attributable surplus was £386,000 (£358,000).

● comment

Haden Carrier is showing signs of recovery in the first half after a difficult trading twelve months. The main cause of the trouble has been two Middle East contracts (now valued at around £45m) which are on a fixed price basis (and originally fixed term) and are nearly three years behind schedule. These are now expected to be completed in 1979-80. However, work is now well underway and losses are likely to be lower than the £4.83m declared in the last year. Meanwhile, the group's Carrier Drysys metal finishing activities are likely to boost profits by up to £2m, again mainly from the U.S. markets. More worrying are the UK building engineering services activities, accounting for nearly a half of group turnover, which have experienced pressure on margins although there has been a revival in demand. And across the channel the group is shouldering a heavy redundancy programme which will add around £200,000 to costs. For the full year Haden may have little trouble in making £1.8m, compared with £1.4m. On that basis the shares at 121p stand on a prospective p/e of 12.5 so clearly the market is expecting something better of the group. The shares yield an attractive 10.8 per cent.

Beatson Clark ahead but less buoyant second half likely

ANNOUNCING TAXABLE profits ahead from £1.19m to £1.45m for the first half of 1978, the directors of Beatson, Clark and Co., maker of glass containers, say that the full year figure should equal the record £2.38m for the whole of 1977.

In the annual report in April, the directors stated that while they were confident about the future demand for glass containers, they recognised that the loss of production at the company's Rotherham works through the complete reconstruction of a glass melting furnace there, would make it difficult to improve on 1977 results.

They now report that work has proceeded well with this major investment of £2.5m and the plant is already in operation. This additional production, together with the effect of improving productivity at both its factories, will make its contribution to trading results during the second half.

Half-year sales advanced from £8.65m to £10.25m and profit includes a provision in respect of stock inflation of £140,000. Comparative figures have accordingly been restated and include a similar provision amounting to £132,000.

The interim dividend is raised from 2p to 2.5p net per 25p share and a supplemental 0.048p for 1977 is also to be paid following ACT reduction—the directors intend to recommend a final of not less than 3.258p (3.158p).

The company has advised its customers that from October 1, it will raise its prices by about 6.5 per cent and expects to maintain these for 12 months.

Dr. A. W. Clark is to resign as chairman not later than the next annual meeting, which is expected to be held on May 10, 1979.

● comment

Beatson, Clark's first half results—trading profits 36 per cent ahead on sales up by nearly a fifth—are slightly better than United Glass for the same period. With food consumption showing little growth, United's volume sales of glass containers were steady but BC's increased by just under a tenth, mainly because of the company's emphasis on the pharmaceutical industry (three quarters of the earnings), where sales have improved by nearly a fifth. This pattern is also evident in export markets, where sales are 29 per cent higher. Second half profits will not be as buoyant, however, due to the reconstruction of the Rotherham factory (a quarter of group output) which has meant a break in production for two months. But the company's forecast of maintained profits for the year looks to be a little conservative, especially with a price rise becoming effective from October. Around £2.6m pre-tax looks a more likely outcome. At 195p the shares stand on an undemanding prospective p/e of 3.8 taking a line through the interim tax charge, but the yield of 2.5 per cent, admittedly covered nine times, knocks some of the gloss of the rating.

St. Piran Board 'needs strengthening'

Shareholder pressure for changes at Saint Piran, the controversial mining and building group, continued yesterday when Mr. Robert Morrison, chairman of Planned Savings Life Assurance Group, met one of the directors, Mr. V. E. Skinner, at the offices of the company's brokers, Joseph Sebag and Co.

Mr. Morrison requested that the Board be strengthened with independent non-executive directors to remedy what he described as the "crisis of confidence" in the company. In a restrained meeting, Mr. Morrison expanded on the points he made at the recent shareholders' meeting, when he blamed undervaluation of the shares on "suspicions about the company," in particular the foreign holdings and boardroom changes.

Mr. Morrison suggested that the chairman of Saint Piran, Mr. W. Shaw, might find his post too onerous in view of the fact that he is a non-resident. But Mr. Morrison said afterwards that he was not necessarily suggesting Mr. Shaw's resignation.

Mr. Skinner was the only one of the three directors of Saint Piran in the country and able to listen to Mr. Morrison's views. Mr. Skinner made no promises but said that he would report back to the other Board members. Saint Piran is currently seeking a replacement for the last chief executive who left for "personal reasons."

Mr. Morrison said yesterday that he considered Joseph Sebag, brokers to Saint Piran, had taken "a strong and proper line" with the company. He was optimistic that action would soon be taken although pressure for something of this sort has continued for some time without result.

Mr. Morrison claims that clients and funds under his management own 3 per cent of Saint Piran while other shareholders sympathetic to his views hold another 8 per cent.

Second City Properties optimistic

CONTINUED optimism as to the future prospects of Second City Properties is held by Mr. G. L. Joberns, the chairman. He says the group is very soundly based.

The investment division is continuing to increase its income as more reviews fall in, and this will remain so into the early 1980s when the rental income will show a substantial advance over the 1977-78 figure which, net of outgoing, amounted to £260,132 (£236,123).

Additionally, selective growth by way of new projects is in hand and the yield from these will begin to be reflected next year.

The private developments division is progressing satisfactorily and has an adequate land bank. Further land has been acquired since year-end but the impact of the development land tax in its present form is having a disastrous effect on the land market, Mr. Joberns comments.

However, margins are returning to a more realistic level and the division's profitability should be on target in 1978/79.

As reported September 15, taxable profit for the year to April 30, 1978, reached £1.03m (£0.9m) on turnover ahead to £20.88m (£14.05m).

At year-end net liquid funds were up £497,605 (£311,281) with bank overdraft lower at £227,605 (£703,919). Future capital commitments were £327,000 (£47,000) of which £274,000 (£47,000) had been authorised but not contracted.

ISSUE NEWS AND COMMENT

Crosby House loss—£0.47m loan issue

CROSBY HOUSE, the freight forwarding company which is suing Thomas Cook over the freight business it purchased from Cook, has announced a rights issue of convertible loan stock to raise about £470,000 as well as losses for the last 18 months' trading.

Shareholders will be able to subscribe to £3 of 10 per cent convertible unsecured loan stock 1987-90 at par for every five ordinary shares. The stock is convertible between 1980 and 1987 into ordinary shares at a rate of 67 £1 nominal shares for every £100 stock, a conversion price of 149.25p per share. The shares closed yesterday at 140p.

For 1977 the company announced turnover of £14.43m (£9.64m) and net loss of £663,000 (loss of £325,000) after a tax charge of £8,000 (£4,000). For the half-year to June 30, 1978, there was a loss of £136,000 on turnover of £6.14m. No dividend will be paid on ordinary shares in respect of 1977, this year, or 1979, nor on the preference shares until the group returns to profitability.

International Investment Trust of Jersey, which owns 240,000 of the issued 782,744 Crosby shares, will take up its full entitlement (£144,000 of loan stock) and has sub-underwritten, through Laurence Prust and Co., the major part of the remainder of the rights issue. IIT could in due course hold more than 30 per cent of the voting capital, but the Takeover Panel has granted an exemption to the rule that would require it to bid for the balance of the shares.

The company's decision to make the rights issue reflects its urgent need for working capital. Compensation from Sri Lanka for its tea estates is trickling in but cash-flow is under pressure. IIT, which originally took an 18 per cent in Crosby as an investment, is now actively involved in the management of the company through having Mr. Richard Robinow on the Board.

The Crosby chairman, Mr. J. R. Keatley, said in the rights issue document that 1977 had been a disastrous year for the group, and drew attention to the auditors' qualification in the 1977 accounts which referred to serious weaknesses in its accounting systems.

The losses were struck after payments from the Government under the Temporary Employment Subsidy scheme amounting to £55,000 for 1977 and £101,000 for the first half of 1978. This subsidy is being reviewed this month.

The directors believe the rights money, together with the inflow of compensation from Sri Lanka, will give the group sufficient working capital until its trading operations can again generate a positive cash flow.

● comment

Crosby is clearly in a position where a conventional rights issue was out of the question; the issue of deferred equity, however, should solve the immediate problem of cash shortage while giving subscribers something of an income, a valuable asset for investors in a company that has not paid a dividend since the 1976 final and envisages paying nothing for this year and next. The company must be hoping that the IIT backing will persuade shareholders to top up their present investment by subscribing to the rights: the market's initial reaction, with the shares up 12p at 140p, suggests the terms have been well received.

NEW COURT PROP. AT 128.3p

The next issue of units in the New Court Property Fund is being made on October 14, at 128.3p per unit. The estimated gross yield is 4.5 per cent.

The fund, sponsored by N. M. Rothschild Asset Management, provides tax exempt pension funds and charities with the opportunity to invest directly in property without getting involved in the administration problems, yet not losing the tax advantages. The fund now stands at £26m with units held by about 100 pension funds and charities.

Since the previous issue of units at the end of June, the fund has continued to expand its portfolio in the South East. Recent purchases include offices in Central London and Guildford, a shop property in Portsmouth and warehousing close to the M4 at Reading. The fund is now fully invested in accordance with its targets, the portfolio being split 41 per cent offices, 24 per cent shops, 26 per cent industrials and 9 per cent agriculture.

R. & J. Pullman confident

WITH THE current upturn in demand at home and the high level of orders on hand, the directors at R. and J. Pullman are confident of another year of increased profits.

The group, whose activities include the manufacture, distribution, and retailing of outwear, is currently consolidating its export business after three years of dramatic increase and efforts are being directed towards the home market where business is picking up considerably, Mr. M. A. Hope, the chairman, states.

For the year to March 31, 1978 taxable profit reached a record £1.08m (£0.97m) on sales ahead to £12.84m (£11.32m) and the net dividend is raised to 9.04p (8.263p)—as reported on July 28, 1978.

Adjusted to a current cost basis along the Hyde guidelines, profit was reduced to £963,000 by additional depreciation of £102,000 and extra costs of sales of £100,000 less a gearing adjustment of £83,000.

At year end working capital was up £0.33m (£0.11m). Bank overdrafts were up at £1.88m (£1.59m) and bank loans were £1.3m (£1m) including an advance of £800,000 for a new factory at Blyth under which any government grants received are immediately repayable to the bank.

Capital commitments stood at £140,000 (£182,500).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Beatson Clark ......int.	2.5	Dec. 1	2	—	5.21
Currys ......int.	1	—	—¶	—	4.61§
Haden Carrier ......int.	3	Nov. 24	2.75	—	7.8
Percy Lane ......int.	1.2	Dec. 1	1.2	—	3.31‡
Lydenburg Platinum	6.8**	Nov. 10	0.95	6.8	2.7
Macallan Glenlivet	3.14	—	3.22	5.14	4.6
Marshall Cavendish ...int.	1.34	Nov. 23	1.32	—	4.35
Jefferson Smurfit ......int.	2.81	Dec. 29	2.48	—	7.34

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes additional 0.048p. §Includes additional 0.03p. ¶No interims previously paid. ‖Includes additional 0.068782. **South African cents.

Jefferson Smurfit up to £8.4m at halftime

WITH SALES ahead 11.6 per cent to £92.83m and margins improved from 8.2 per cent to 8.9 per cent, taxable profit of Jefferson Smurfit Group increased from £6.83m to £8.35m in the July 31, 1978, half-year.

Mr. Michael Smurfit, the chairman, points out that the period saw very low levels of price inflation in paper and packaging—with price decreases on occasions—with the sales growth consequently being very real. The prediction that the full year would be a fair one appears to be well-founded, he says.

Of the increase in margins, he says the gain came from productivity rather than prices but leaves the group short of the desired level.

Tax for the period was £2.26m (£1.93m) and minority interests rose from £0.72m to £1.1m, reflecting the shareholding of Svenska Cellulosa Aktiebolaget in its corrugated companies.

Earnings per share are given at 10.5p against an adjusted 8.8p last time. The interim dividend is raised from 2.475p net per 25p share to 2.812p, and will absorb £1.34m (£1.18m). Last year a 4.867p net final was paid on total profits of £15.98m. Already a gross total of at least 12.5p compared with last year's 11.011p has been forecast.

Mr. Smurfit says that in Ireland the buoyancy of the economy provided a good base for growth in the period. The business climate is expected to remain positive for the rest of the year, and profitability is healthy.

Also, historical investment in some problem areas is beginning to pay off. The print companies, which fall into this category, are all in profit, publishing is strong, paper and plastic sacks performed well but plastic wide film is having to fight "what appears to be dumping."

Dumping is also a problem in the high density polyethylene sector, and the group is acting on that front. Packaging businesses are busy and, as planned, paper mill profits are well down because of the down-time effect of its major investment which is now being completed.

The distributing division is thriving, and since the annual report the group has purchased a substantial interest in Telerents, a TV rental chain, and bought out minority interests in Smurfit Thom Spruyt and Paclene.

In the UK only limited volume growth is being enjoyed by packaging companies, partly reflecting the high level of consumer durable imports. Corrugated performed well with some negatives which are being corrected. Flexibles went slowly in the period but losses were eliminated while the production gains in paper and board were negated by losses in waste paper, which stemmed mainly from particularly difficult market conditions.

Cartons were flat, paper merchanting met budget, and the print operation, although small, had a very good half year. A corrugated sheet plant was purchased in Liverpool, which has had additional integration benefits.

Nigerian results were well down, although directors say the second half performance looks as if it will be much better, and will be aided by new plant investment coming on stream.

In the U.S. operating profits did not rebound from the poor second half of 1977 as rapidly as expected. The year began with severe weather which closed plants and sent fuel costs soaring. Second half profits are however expected to exceed those of the same period last year.

The group has recently concluded the acquisition of a corrugated company, Centralia Container Corporation, which is located near St. Louis and will give added value benefits to its corrugated sheet plants at Frankfurt, Indiana and Fort Smith, Arkansas. The paper mill will also benefit.

On the future, they say it is more than ever difficult to predict as there has been a disturbing amount of industrial unrest both in Ireland and the UK. In addition, growing absenteeism is a major problem. Overall, however, Mr. Smurfit sees the year as a fair one for the group.

	Half-year 1978 £000	Half-year 1977 £000
Sales	92,833	83,218
Profit	8,237	6,819
Assoc.	108	13
Profit before tax	8,345	6,832
Tax	2,257	1,926
Net profit	6,088	4,906
To minorities	1,100	722
Extraordinary loss	5	4
Attributable	4,983	4,180
Dividend	1,337	1,184

See Lex

Currys advances £0.6m midway

INCLUDING INTEREST receivable of £332,000 compared with £254,000 previously and a £65,000 surplus on the sale of properties against £155,000, pre-tax profit of Currys for the six months to July 26, 1978 advanced from £3.23m to £3.81m.

Cash takings of the electrical appliance, television and radio equipment retailer for the period were £79.78m compared with £65.9m previously.

The profit is after depreciation £1,000 lower at £646,000, staff pension scheme contributions up from £145,000 to £417,000 and a decrease in the provision for unmatured profit on credit trading of £933,000 (£822,000).

Directors say they should be able to look forward to a satisfactory Christmas trading period. The outlook for next year is less certain but they feel confident the all-round strength of the company will stand it in good stead.

The result is subject to tax of £2.01m (£1.69m) and earnings per 25p share are shown ahead from 6.5p to 7.7p.

For the first time an interim dividend is to be paid. The 1p dividend will be paid along with a 0.068782p additional payment for 1977-78. Directors say that all other things being equal the introduction of the interim will mean a corresponding reduction on the final dividend they could consider paying in June next year.

For last year, a 4.53961p dividend was paid on record profit of £10.32m.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Averys, Bankers Investment Trust, Bunzl Pulp and Paper, Cape Industries, Estates and General Investments, Sheffield Twist Drill and Steel.

Finals:—Armstrong Equipment, Ingall Industries, Park Place Investments, Saga Holdings.

FUTURE DATES

Interims:—

Aberthaw and Bristol Channel Portland Cement	Oct. 10
Adda International	†Oct. 12
Dominion and General Trust	Oct. 12
Fogarty (E.)	Oct. 11
Jerome (S.)	Oct. 9
Sabah Timber	Oct. 6
Silentnight	Oct. 10
Tanks Consolidated Investments	Oct. 6
Triplevest	Oct. 4

Finals:—

BPM	Oct. 12
Highland Electronics	Oct. 10
Lake and Elliot	Oct. 9
Whitehouse (Geo.) (Eng'g.)	Oct. 5

†Amended

George Ingham shows little change

From turnover of £828,409 compared with £985,328 last time, taxable profit of George Ingham and Co. (Holdings), worsted spinner, dipped from £22,322 to £21,304 in the first half of 1978.

The result includes investment income down from £9,049 to £364. Last year there was a £7,125 loss on the sale of investments. There is no tax charge this time compared with £14,007 last time.

Earnings per share are shown at 1.07p (0.42p), and directors say that considering the delicate trading conditions in the textile industry they feel it is in the long-term interest that the group position be improved and no interim dividend be paid.

No interim was paid last year but a final costing £5,000 was paid after the group incurred a £52,209 pre-tax loss for the full year.

Directors say it has been possible in the period to make a reduction in the large stocks held at the end of 1977, and consequently there has been a corresponding reduction in the bank overdraft. However, they say the current increased retail spending has not been reflected in the textile sector.

Hume warns of slower growth

Increases in distributable profits of the kind seen in the immediate past at Hume Holdings cannot be expected to continue says Mr. J. K. Dick, the chairman. Even so he forecasts another increase for 1978/79.

"For an investment trust to continue to expand its disposable revenues as an annual rate of approximately a third or more is not really a target which it can set itself while still maintaining conservative investment policies leading to steady improvement in income dividend and capital values," he comments.

"Every now and again I think we can certainly hope that circumstances will be such that this will prove rather too pedestrian a view but I think those occasions should be regarded as exceptions rather than the general rule."

The extension of dividend restriction must have some downstream consequences for any investment trust company. However he remains reasonably confident for the year.

The group associated banking company Hume Corporation is still obtaining tax relief from losses brought forward and will continue to do so at least for the current year he points out.

After disposal of Scottish Life Hume Properties and Westlyn Investments, net asset value at September 21, 1978, stood at 101.5p. This can be broken down as to UK equities 49.1p overseas equities 14.1p; long dated UK gilts 19.8p; property investments 2.8p; property sites held for development 1.1p; banking and instalment credit 7.8p; miscellaneous trading subsidiaries 1.3p and cash and short dated gilts 5.5p.

Mr. Dick says that the directors do not regard such a large investment in the long end of the gilt market as necessarily a permanent feature and when the time appears right their policy would be to switch substantially into equities.

For the year to June 30, 1978, as reported August 10, 1978, revenue before tax was up at £2.18m (£2.05m) and after tax 32 per cent higher at £1.5m. The total dividend was raised to 4.58375p (3.09875p) and the interim for the current year is 1.875p.

At year end liquidity was up £1.19m (£0.46m) with bank overdrafts cut to £686 (£292,021).

Meeting, Winchester House, EC, on October 26, at noon.

Increased loss at Bibby & Baron

The pre-tax loss of Bibby and Baron (Holdings) increased ten-fold to £110,000 in the May 31, 1978 half-year from turnover ahead £882,000 to £13.12m.

The result is after depreciation of £308,000 (£307,000), debenture interest of £15,000 (£16,000), other interest of £187,000 (£207,000) and includes associate profits of £25,000 (£11,000). There is a £60,000 tax charge (nil) and last year there was a £2,000 extraordinary credit. For all last year a £107,000 loss was incurred.

Directors say a major reorganisation of the company's paper bag subsidiary has taken place over the past few months and it will be some time before it is completed. The losses of this subsidiary have already been substantially reduced, and further benefits should accrue in 1979.

The company is a subsidiary of Low and Bonar Group.

G. T. Japan investment policy

Since the end of its last financial year, G.T. Japan Investment Trust has made currency borrowings totalling US$4m to take further advantage of the existing conditions in the Japanese market, and at the same time there has been a substantial reduction of the investments held via the investment currency premium.

The directors propose to remain fully committed to the Japanese equity market in the belief that the current year will show further substantial gains, says Mr. W. T. J. Griffin, the chairman, in his annual statement.

During the year advantage was taken of the strengthening of the yen against both sterling and the U.S. dollar and of the general rise in the Japanese stock market, with the result that the company's investments in Japan were substantially increased by purchases through the investment currency market and by the utilisation of an additional currency loan facility, the chairman states.

He explains that the removal of the requirement to surrender 25 per cent of the investment currency premium arising on the sale of overseas investments removed the then existing impediment to the management of foreign investments, and as a consequence the proportion of overseas securities held via the premium during the year was increased.

As reported on September 21, pre-tax profits for the June 30, 1978 year amounted to £202,412 (£220,051). Net assets per 25p share were 214p (165p) fully converted.

Meeting, Park House, EC, October 23, noon.

Improvement at John James

In the first half of the current year, both turnover and profits of John James Group of Companies have improved in comparison with the same period last year, although margins continue to be under constant pressure.

Franked investment is also improving and if this trend continues, the directors hope to recommend an increase in both interim and final dividends.

FOLKES HEFO

Directors of John Folkes Hefo propose the early repayment of the remaining £92,309 nominal of the 7.5 per cent convertible unsecured loan stock at par on February 15, 1979.

Halved profit for Inchcape Berhad

Group pre-tax profits of Inchcape Berhad, the Singapore subsidiary of Inchcape and Co., declined from Malaysian $10.1m to $5.1m in the first half of 1978, including higher losses incurred by the company amounting to $3.5m compared with $1.2m.

Turnover improved from $355.3m to $395.5m and profits were before a $0.1m minority profit against a $0.5m loss and $1.1m extraordinary credits this time.

Current indications are that pre-tax profits for the second half will be better than those for the first six months, he adds.

For the second half of 1977, the group earned $12m taxable profits.

Grimshawe Hldgs. profit for year

FOLLOWING A gain from £7,317 to £12,649 in midway profits, Grimshawe Holdings, the industrial group reports a turnround from a £38,561 deficit to a pre-tax surplus of £28,520 for the year ended April 30, 1978.

Turnover was lower at £3.02m against £3.58m, owing to the closing or sale of unprofitable outlets and the sale of Mini-circuits, where the group had a 60 per cent interest.

During the year the bank debt was reduced by £300,000. "Nevertheless the total debt still due to the Midland Bank is a matter of continuing concern," says Mr. Thomas Kenny, the chairman. "If that problem could be materially alleviated it would make possible the redevelopment of the company."

Conversations started recently with the Midland Bank which may provide a solution, the chairman adds, and he expects to report the outcome of these at the annual meeting.

Although the bank debt is a deterrent, the group acquired Aspex, importer of specialised parts for the ophthalmic industry, in August, 1978, at a cost of £225,000. "The Midland Bank consented to and provided funds for the acquisition," Mr. Kenny tells members.

Pre-tax profits of Aspex for the October 31, 1977, year were £117,000 and £106,000 for the 10 months to August 31, 1978. "This is not a major acquisition but it is a good indicator of where we may be going," says the chairman.

For the 1977-78 year there was a group tax charge of £4,896 (£16,123 credit) and stated earnings are 2.4p per 20p share, compared with a 2.6p loss last time. Again no dividend is to be paid—the last payments were in respect of 1972-73.

	1977-78 £	1976-77 £
Turnover	3,021,247	3,577,155
Trading profit	29,202	23,845
Rental income	98,257	106,098
Interest payable	98,939	167,704
Profit before tax	28,520	*38,561
Tax charge	4,896	†16,123
Net profit	23,624	*22,438
Minority interests	—	[illegible]
Extraord. credits‡	54,974	65,137
Retained	78,598	39,324

* Loss. † Credit. ‡ Comprises 55,310 (£46,623) net surplus on sale of subsidiaries, £45,663 (nil) surplus on disposal of properties, £4,601 (£24,329) net adjustments in respect of provisions made in previous years.

He reports that sales by Mangers while not buoyant were satisfactory and profitable. Towards the end of the year it decided to service its larger customers only—the small accounts were too expensive to maintain—this resulted in a decline in turnover but with a sizeable saving in wage and related costs.

Mr. Kenny points out that the group's rental income of £98,257 (£106,098) almost matches interest charges amounting to £98,939 against £167,704. Rents are due for upward review in the next two years, while lower interest rates have been helpful but the possibility of lower rates continuing is not encouraging.

The chairman recalls that in previous reviews he advised shareholders that the group had contingent assets which would not be taken to credit until the cash was received. A small amount, £35,000, was received in the year to April, 1978, and this exceeded the loss on the sale of the group's interest in Mini-circuits.

In June, 1978, it received £205,000 and this will be included in the profits for the year to April, 1979. While not guaranteeing a profit for next year, this income will make a profit a near certainty, Mr. Kenny reports. "A further £166,000 may be receivable but not immediately."

The surplus on the sale of let units amounts to £45,000 and additional surpluses are likely to be earned in the next few months.

Mr. Kenny says: "There are some good reasons to expect that I may continue to report in this more hopeful vein; it is a happy change."

BIDS AND DEALS

Amey Roadstone moves into industrial sand

IN A move to enter the industrial sand market Amey Roadstone, the wholly-owned subsidiary of Consolidated Goldfields, is paying £4.5m in cash and shares for the privately-owned Buckland Industries.

On top of this Amey Roadstone may have to pay up to a further £½m depending upon Buckland's future profit performance.

However, the group said last night that the real cost of the deal is considerably less than the stated figures as it is also acquiring significant cash balances and and reserves as part of the Buckland deal.

Although the group does have a tiny amount of industrial sand interests this will be its first major introduction to this market. Annual production of industrial sand in the UK is thought to be around 5m to 6m tonnes and Buckland is estimated to have around 7 per cent of this market.

Pre-tax profits of the privately owned concern are currently estimated to be running at around £¾m to £1m a year.

To meet the cost of the deal Consolidated Gold Fields is issuing just over 1m of its own shares. Judging by the recent performance of the group's shares this would indicate that the cash element of the deal is something above £2.5m.

Buckland operates five pits—two near Reigate, in Surrey, and three near Leighton Buzzard, Bedfordshire.

FINANCE FOR INDUSTRY

A new company, ICFC Corporate Finance, has been formed by Finance for Industry to handle the group's corporate advisory services. These were formerly dealt with by the corporate finance department of Industrial and Commercial Finance Corporation and Scottish Industrial Finance.

The new company identifies FFI's merchant banking advisory operations as being separate from the Group's investment activities carried out through ICFC, with its 18 branch offices serving small and medium-sized firms. Finance Corporation for Industry and Finance for Shipping.

RENWICK GROUP

The Renwick Group has completed the purchase of 3 per cent of the outstanding 9 per cent, which it does not already own, of the capital of Marine Projects (Plymouth) from Mr. David King, the managing director of Marine.

The original agreement (of February 1973) has been amended (i) to defer the purchase of the outstanding minority in equal instalments to September 1978, August 1979, and August 1980; and (ii) to allow the consideration to be satisfied in shares or cash as may be agreed between the parties.

Consideration for the 3 per cent in respect of the September 1978 instalment amounted to £263,638 which has been satisfied by the issue of 638,301 ordinary shares of Renwicks, representing 10.45 per cent of the enlarged ordinary capital — 598,301 of the shares have subsequently been placed for Mr. King with institutions.

STEETLEY TO MERGE CANADIAN INTERESTS

Steetley Company's wholly-owned Canadian subsidiary, Steetley of Canada (Holdings) is to be bid C$4.6m for the 26 per cent minority of Steetley Industries it does not already own.

Steetley Industries, based in Canada, has two stone quarries and interests in distribution of electrical and engineering supplies.

The reason for the bid is that one of SI's quarries supplies raw material to S.C. (Holdings) on the same site. The management of the combined operation would be made easier if the interests of outside shareholders in one of them did not have to be continually borne in mind.

The Canadian stock exchange quotation of Steetley Industries has been of no use to the group because it is too thinly traded and lowly valued to be used for acquisitions.

The offer, worth C$19 per share, is subject to clearance from the Canadian Foreign Investment Review Agency, as well as the Bank of England and the Treasury.

YULE CATTO STAKE IN MARINA

Plantation and industrial group Yule Catto has purchased the fixed and current assets of Hartford Marina from the present partners in a deal worth nearly £400,000.

The purchase is being made through a mixture of cash and Yule Catto shares. The Hartford Marina partners are to receive £125,000 in cash, and will be issued 410,000 Yule Catto shares.

Hartford Marina's partners have agreed to retain two thirds of the shares for at least twelve months.

The marina is near Huntingdon and consists of a 40 acre basin opening on to the Great Ouse. Yule said yesterday that it believed that the site was capable of "considerable expansion" and complemented its existing marina at Cobb's Quay, Poole, Dorset.

ELLIS & EVERARD (CHEMICALS)

Ellis and Everard (Chemicals) has acquired Domestic Chemical Company of Exeter, from Thomas Borthwick and Sons. Domestic, with a turnover in excess of £1m per annum, distributes industrial and domestic chemicals in South Western England.

The product range of the two companies is similar but not identical and it is envisaged that there will be some mutual advantage in gaining access to some of the more specialised products handled by Domestic and Ellis and Everard (Chemicals).

The acquisition is intended to strengthen the branch network of Ellis and Everard (Chemicals), bringing the number of distribution points to 19.

NEW DRILL PIPE STOCKHOLDER

A/S Norcem is the majority shareholder of a new drill pipe stockholding company called Oil Country Supplies. The company will differ from most others in this field in that it will hold stock as a principal rather than acting only as a broker.

The managing director, Mr. C. G. Patrick Kehely, owns 20 per cent of the equity, an American merchant bank 5 per cent, while Norcem has 75 per cent. The paid up capital is only £1,000 and most of the capital employed will be in the form of a loan from Norcem of at least $1m.

Mr. Keheley was operations director of GKN Oilfield Services before forming Oil Country.

ASSOCIATES DEALS

On Thursday, Hill Samuel sold 53,300 Courtaulds at 119p on behalf of discretionary investment clients.

Jacobson Townsley bought for Raybeck 2,500 Bourne and Hollingsworth at 236p, and on Friday bought 15,000 at the same price.

On Friday Vantona Group bought 50,000 J. Compton Sons and Webb (Holdings) at 65p. Holding is now 1,842,500 shares (10.82 per cent.).

Cazenove purchased 10,000 C. H. Goldrei, Foucard and Son ordinary shares at 104½p on behalf of Northern Foods.

Cazenove purchased 13,500 Dawson International ordinary at 191p on behalf of Woodbourne Nominees, nominees for the Smith family, and 12,500 at 191p on behalf of associates of Dawson International.

Another move in Compton battle

The struggle for control of J. Compton Sons and Webb, the uniform manufacturer, is clearly some way from being over, with the news yesterday that the company has received another bid approach.

Two offers for Compton are already on the table with Courtaulds currently outbidding Carrington Viyella. Yesterday's move raises several possibilities including a further offer from Carrington or even a potential bid from Vantona, whose original interest sparked off the current takeover battle.

A more unlikely possibility is that a completely new contender has arrived on the scene but even this cannot be ruled out.

The Compton directors—who earlier this month agreed to accept Courtaulds terms valuing the company at £11.9m—are now telling shareholders to hold fire until a further announcement is made. This is likely to come later this week.

Meanwhile Vantona, whose original approach was spurned by the Compton directors, has very recently been buying small amounts of Compton shares in the market, increasing its holdings from a near 9 per cent to almost 11 per cent. This however may be only a tactical move. Carrington's offer valued the company at around £10m.

CROSSLEY BLDG.

The Bowater Corporation offer for Crossley Building Products had been accepted in respect of 98.39 per cent of the ordinary shares for which the offer was made, and 90.67 per cent of the preference. The balance will be acquired compulsorily. The offers remain open.

BENLOX BUYS

Benlox Holdings has entered into an agreement with Park Place Investments to acquire for £40,250 the capital of the Cygnets House, whose sole asset is the ownership of a short lease producing a profit rental of approximately £21,000 annually.

The consideration will be the issue of 175,000 ordinary shares in Benlox, which will increase the Park Place investment in the company to 210,000 shares.

BMCT raises holding in McNeill Group to 23%

Mr. Graham Ferguson Lacey—whose jointly owned Birmingham and Midland Counties Trust recently launched an abortive takeover bid for Weston Evans, the Lancashire engineering concern—was yesterday appointed chairman of McNeill Group, the troubled Irish construction outfit.

Immediately Mr. Lacey warned of redundancies among the group's 850 employees and said that it may be necessary to close McNeill's construction equipment distribution division.

Mr. Lacey said that it would take three months to carry out a review and reorganisation of the group's activities. "This," he said, "will include the sale or closure of loss-making subsidiaries in order to curtail the significant trading losses."

He is joined on the McNeill board by his partner Mr. Cecil McBride. The two men control BMCT, which yesterday increased its stake in McNeill from 19.35 per cent to 23 per cent — with the acquisition of a parcel of shares from McNeill director Mr. John Guiness who intends to retire from the Board.

Mr. Lacey said that BMCT had no plans to increase its stake above the present level—at least until the reorganisation is complete. If this is satisfactorily concluded then BMCT will consider the injection of a further £¾m in new equity capital.

He said that he had no plans as to how this might be done but BMCT may be prepared to underwrite a rights issue.

Last year McNeill incurred a £1.3m pre-tax loss. Mr. Lacey said that losses in the current year were running at a similar level. This situation could not be allowed to continue, he added.

He blamed the group's current situation on management problems over the past few years exacerbated by the low level of construction work in Northern Ireland as a result of public spending cuts. The level of redundancies, said Mr. Lacey, would largely depend upon how much of this work would now become "unfrozen."

SHARE STAKES

Royal Worcester—Rothschild Investment Trust has purchased further 190,000 ordinary shares taking holding to 1,161,500 (approximately 19.3 per cent).

Ley's Foundries and Engineering—Mr. F. D. Ley, director, has disposed of 35,000 ordinary shares.

Wilson Peck—Mrs. D. Y. Brown, as at September 12, was interested in 62,500 ordinary shares (5.93 per cent).

Amber Day Holdings—Trusts in which Mr. R. Metzger has an interest bought 60,000 shares.

Godfrey Davis — Rothschild Investment Trust is now beneficial owner of 2,495,000 ordinary shares (20.63 per cent).

Amalgamated Metal Corporation—Preussag AG now holds 4,882,370 ordinary shares (76.7 per cent).

Dufay Bitumastic — Mr. C. Attwood, director, sold 14,397 ordinary shares.

Drake and Scull Holdings—Mr. C. Nalavez disposed of 50,000 ordinary shares on September 21, and 250,000 ordinary shares on September 22. These disposals were made from his non-beneficial holding. Sale price was 35p.

Cantors—Mr. S. C. Cantor, director, disposed of 25,000 "A" ordinary shares. Mr. N. Jeffrey, director, disposed of 25,000 "A" ordinary shares from his beneficial family holdings.

Hambros Investment Trust—A subsidiary of Hambros has purchased 152,326 ordinary shares. Hambros and subsidiaries now beneficially interested in 2,405,250 (9.01 per cent).

Jatel—Camellia Investments has purchased 286,000 ordinary shares increasing holding to 1,220,846 (80.48 per cent).

Enlarged Linfood yet to see merger benefits

ALL HAS not been plain sailing at the enlarged Linfood Holdings since the merger in May with Wheatsheaf Distribution and Trading.

Lord Kissin, the chairman of Linfood, says in his annual statement the picture resulting from the merger has been initially less favourable than was expected because Wheatsheaf's results were adversely affected by two important non-recurring items—the opening costs of a new hypermarket and substantial losses in branches of its Spanish subsidiary.

Energetic steps have been taken to rectify the position—including the closing of plainly unprofitable branches in Spain—and there are indications in internal accounts that Wheatsheaf has effected a recovery and is again trading profitably.

In the year to February 25, 1978 Wheatsheaf's profit fell from £6.21m to £3.1m and in the merger documents Mr. E. Aylett Moore, the chairman, said the group was moving back to more acceptable margins in the delivered trade and in trademarkets. The hypermarkets were running profitably and despite the preliminary costs of the opening of the Bristol Carrefour in May, they were expected to produce a profit for the year.

Lord Kissin now says that it should not be assumed that all the problems of the group have been caused by the High Street price war and that competitive trading conditions have as yet been overcome. But it can be confidently expected that the merged group will in due course demonstrate that the rationale for an enlarged group was totally valid.

Once measures have been taken to consolidate the resources of the group the buying power will obviously enable it to take a leading place among the large organisations.

"It is for that reason that your board is confident that with the addition of the hypermarkets the group will be in a strengthened position and able to obtain the advantages that in these competitive days are available only to the larger organisations."

Lord Kissin says that the Spar group maintained its market share in the April 29, 1978 year and the three main divisions increased their volume.

On the retail side the original Linfood group now has 274 outlets with the largest store opened last year, near Oxford, now trading profitably. With wholesaling the frozen food distribution capabilities were further expanded, while in the catering division volume declined after management decided to avoid pursuing contracts which would result in losses. In cash and carry, the group has concentrated on sales of non-foods and catering supplies to a variety of other kinds of small businesses following slow sales growth to the small independent grocery retailers.

As previously reported taxable profit at Linfood declined from £5.81m to £5.16m on sales ahead from £293.9m to £327.41m.

At September 4, Guiness Peat Group, of which Lord Kissin is executive chairman, held 17.73 per cent of shares.

Meeting, Winchester House, London Wall, EC, October 25 at 10.30 am.

DM2m loan for F & C Eurotrust

TO TAKE advantage of the Bank of England concession over the repayment of foreign money borrowed to buy bonds issued by EEC institutions, F and C Eurotrust has negotiated a five year DM2m loan from Williams and Glyn's Bank.

The concession, introduced at the beginning of 1978, allows loans for this purpose to be repaid with sterling at spot rather than investment currency rate. The effect of the move at F and C is that this part of its foreign investments totalling £4.99m (£4.08m), will be held premium free in a loan account matched by an identical currency deposit.

The loan, which at June 30 rates was equivalent to £518,807, brought the company's total foreign currency loans at that date up to £1.99m (£1.49m.).

In 1977-78 the company had use of $2m multi-currency loan for a full year for the first time. This was reflected in sharply increased interest charges of £102,254 (£53,641).

Meeting, 1-2, Laurence Pountney Hill, EC, on October 24, at noon.

Macallan Glenlivet over £0.4m

A WARNING that some rise in new whisky prices appears inevitable comes from the directors of Macallan-Glenlivet, distiller, with the announcement of a marginal growth in the company's taxable earnings from £362,000 to £402,000 for the year to July 31, 1978.

Profit was in line with the forecast of a modest increase made at half-time when the surplus was better at £291,000 (£240,000).

With further rises in operating costs already indicated, higher prices would be needed to enable producers to establish a reasonable rate of profit.

The Scottish whisky industry is once more moving ahead although at a lower rate of growth than in the past decade, and the company is confident that it will benefit from the general advance. Group profit last year was up from £295,000 to £362,000 but still down on the record £481,000 seen in 1973-74.

Tax took £12,000 (£67,000) leaving a net balance of £390,000 (£295,000) for earnings per 25p share of 19.2p (14.45p). A net final dividend of 3.1369p lifts the total to 5.1369p (4.6p).

The retained profit emerged at £281,000 (£197,000).

Steady progress was made during the first half in the sale of "The Macallan" as a single malt and stocks give scope for a further growth in 1978-79.

The easing of demand for high protein animal feedstuffs continued throughout the year following the excellent harvest of 1977 and this reduced the subsidiary's contribution to the group profits. A slight hardening of the market is now becoming apparent which should lead to a more satisfactory level of prices during the coming winter and spring, the directors say.

صورة عن الأصل

Pawson starts a new life

BY TERRY GARRETT

DEALINGS RESUME today in the shares of W. L. Pawson and Son after more than two months in suspension. During that time its management, headed by Mr. Stanley Wootliff, has finalised details of two acquisitions for £1.68m, a rights issue raising £750,000 and a £1.1m term loan from Keyser Ullmann.

Yesterday's extraordinary meeting of shareholders approved the proposals which will complete the transformation of Pawson from a small loss-making clothing manufacturer with sales of under £1.7m, to a fast-expanding manufacturing and retailing outfit with sales of over £7m a year, and a profits forecast for the 14 months ending next February of £400,000 pre-tax.

This profits forecast may be just the start. Even without further acquisitions, a full 12 months from its latest purchases and its own continued recovery mean Pawson could be capable of producing a profit of over £700,000.

These changes are due solely to the new management which gained control of Pawson a year ago. Up till then Pawson had been a family business and about its only claim to distinction was that it was one of the few publicly-quoted companies that had a female chairman.

In 1974 Pawson dropped into the red for the first time and though it struggled back into the black the following year, it was only a temporary respite.

Ideal target

The company presented an ideal target for Mr. Wootliff and his fellow directors who were moving out of another textile company, William Reed.

It was at Reed that Mr. Wootliff learnt his trade. He joined the company in 1961 at the age of 21 as a salesman. Eleven years on he was managing director and was later appointed chairman.

While at the helm of Reed Mr. Wootliff adopted the philosophy of buying businesses where, he says, "the most common missing ingredients were management and financial controls and the ability to fund expansion."

However, Reed was itself a victim of a takeover. This came early in 1976 when Mr. Geoffrey Ferguson Lacey and his partner Mr. Cecil McBride won control of Reed through Birmingham and Midland Counties Trust.

Mr. Wootliff stayed on at Reed for about a year, but he left in 1977 together with his fellow directors, Mr. Michael Binns, Mr. Colin Frazer, and Mr. Roger Henton.

Using Quillcrown, a private company, as their vehicle they launched a bid for Pawson. The take-over was agreed by the Pawson family who sold out at 11½p per share giving Quillcrown ultimately over 50 per cent of the capital. When the shares were suspended last July they stood at 42p, but Pawson was already changing its spots before the share suspension.

Mrs. Jane Anne Kaye the chairman and her husband Mr. J. N. Kaye stayed on with Pawson but Mr. Kaye left fairly swiftly after the new management moved in after what was described as a "slight clash of personalities." and Mrs. Kaye went fairly recently.

Ex-Reed team

Meantime a number of the former management of Reed moved over to join Mr. Wootliff and the other three ex-Reed directors. Now there are fourteen ex-Reed employees working at Pawson.

The management style is very similar to that adopted by the directors when they were at Reed.

In November 1977 the company launched a £300,000 rights issue and started its plans to close one factory at Halifax and re-equip another at Washington, at a cost which has worked out in excess of £400,000.

Within a month Pawson had entered the retailing field with the purchase of Wilbefort for £86,546 in a share deal and three months later the company acquired J. Teff, a manufacturing furrier, in a cash and share exchange valuing Teff at £50,000.

Yet this was all small beer in relation to the latest moves.

In the summer Pawson announced its plans to take over C. H. Barnard and Sons, a family owned company which manufactures and retails military and civilian uniforms. Barnard's profits collapsed from £220,230 in the year ended January 31, 1977, to £55,801 last year, but it is obviously recovering because the group forecast includes £50,000 from that company for just five months.

At that point the management announced its plans for another rights issue and the loan from Keyser Ullmann. A couple of weeks later it came back again with news that it was acquiring Occasion Couture, a private womens' fashionwear manufacturer, for £400,000 cash. Couture will be chipping in £60,000 for seven months.

Still looking

The pro-forma balance sheet for the enlarged group shows net borrowings of £1.58m compared with net assets of £2.69m—equivalent to 40.3p a share. Last December Pawson had net assets per share of 16.2p.

These latest manoeuvres will take some digesting, but Pawson's management is already on the look-out for more acquisitions. Mr. Wootliff says that at any given time he and his fellow directors are considering three or more possibilities.

He puts no limit on the possible acquisition as long as they are within the managements' area of expertise, which presumably means anything in the clothing manufacturing and retailing field.

Meantime, with the directors controlling around 45 per cent of the equity, there is little likelihood of Mr. Wootliff and his colleagues being ousted out a second time—unless of course they want to be.

LONDON TRUST

London Trust has recently repaid $7m of its U.S. dollar loan, thereby reducing the amount outstanding to $10m.

MINING NEWS

Rustenburg on the rebound

BY KENNETH MARSTON, MINING EDITOR

THE RECOVERY in the market for platinum has produced a dramatic improvement in fortunes of South Africa's Rustenburg Platinum Mines. Net profits for the year to August 31 have marched ahead to R25.8m (£15.1m) from the depressed level of R4.6m in the previous year.

A final dividend is declared of 8 cents (4.68p) following the omission of an interim payment. In 1976-77 there was an interim of 2.5 cents, but no final was paid in view of the falling profit trend.

	1978 R000	1977 R000
Net operating profit	60.100	28.900
Provision for renewals and replacements	17.200	16,000
Provision for possible losses on foreign loans	2.500	3.200
Net interest paid	5.900	5.100
Profit before tax	34.500	4.500
Taxation and State's share	8.700	(100)
Profit after tax	25.800	4.600
Dividends	9.900	3.100
Retained	15,900	1,500

Although Rustenburg's 1977-78 platinum sales were similar to those for the previous year, the company raised its average selling price for the metal for the past 12 months by some 20 per cent. The "fixed" price for platinum, generally adhered to by the leading producers, was successively raised during Rustenburg's past financial year from $162 to $250 per ounce.

On Friday, Rustenburg announced a further increase to $260 but the rival Impala said that it had no plans to follow this move for the time being. The price of platinum on the free market rose from $150 in September last year to $280 in August.

In addition to the higher platinum prices, Rustenburg also enjoyed increased prices and sales of its by-products, palladium and rhodium in the past year.

The revival in the market for platinum has stemmed from an increase in Japanese demand of approximately 10 per cent; higher buying this year by the U.S. automobile industry; firmer U.S. industrial demand; production cutbacks; and, importantly, a substantial reduction of supplies from Russia which feed the free market.

Rustenburg confirms Monday's suggestion in Mining Notebook that it has successfully renegotiated the prices for its U.S. sales to the Ford automobile giant. As a result of this, Rustenburg's revenue for the past year to August 31 has been increased by R5.69m.

As things stand Rustenburg, with its scope for increasing production, is set for a buoyant year, especially if the current moves to expand European demand for platinum jewellery meet with success. But the major unknown is when Russian supplies will return to the market in quantity. their virtual disappearance has never been entirely satisfactorily explained. Rustenburg shares were 88p yesterday.

Good cheer at North BH

THE INCREASING optimism felt about the Australian mining industry in the world's markets was given additional substance yesterday by the publication of the annual report of North Broken Hill which, without giving specific figures, indicated a return to higher profits, thus continuing a trend which was checked in 1077-78.

North BH draws its income from lead, zinc and silver mining as well as maintaining a broadly based portfolio in mining, industrial and oil stocks.

The report stated that total production of lead concentrates should be sold in 1978-79 and part of the stockpile run down. It noted that demand had strengthened against the background of tight supplies. At the same time silver has been subject to continuing demand for both industrial and currency hedging purposes.

Against this, however, the situation on the zinc market remains difficult although prices have bottomed out and Free World production has fallen beneath the level of consumption.

Domestic economic conditions augur well for the companies on which North BH relies for most of its investment income, the report said. Notable in the portfolio are Alcoa of Australia, where the stake is 12 per cent, and 20 per cent of Kembla Coal and Coke.

In the year to last June, North BH had net income of A$15.6m (£9.1m); a decline of nearly 10 per cent from 1977-78, but maintained its dividend payments at 8 cents. Its gross profit on mining operations was A$3.58m and on investments A$12m. Yesterday the shares were unchanged at 117p.

ASA SELLS ON A RISING MARKET

Taking advantage of the recent advance in gold share prices the Johannesburg-registered ASA, which provides a vehicle for U.S. investment in South African mining issues, sold some of its Far West Rand holdings in the three months to August 31. This raised cash and other net assets to R8.28m ($9.52m) from R3.82m.

Total net assets, including investments, at August 31 amounted to R202.22m ($232.55m), equal to R21.06 per share compared with R16.06 on May 31. By September 14 last the net asset value had increased further to R21.28 per share.

During the past three months ASA disposed of its holding in Consolidated Murchison and part of those in Blyvoor, Elsburg and Western Areas. On the other hand there were further purchases of Hartebeest, Ergo, Randfontein and Trans-Natal Coal. ASA shares were £19⅞ in London yesterday.

Irish Alumina raises funds

THE international consortium behind the Irish Alumina project near Limerick in Ireland has completed the financing arrangements for $308m (£155.8m) of the development costs, writes Robert Gibbens from Toronto.

The members of the consortium are Alcan Aluminium with 40 per cent, Anaconda of the Atlantic Richfield group with 25 per cent and Billiton, the Shell metals unit, with 35 per cent.

Of the total financing, $250m will be provided through a 10 years Eurodollar loan arranged by a group of banks led by Citicorp International. A syndicated loan in Irish pounds has been arranged for the balance of the funds through the Bank of Ireland.

SPENDING RISES AT BUFFELS

South Africa's gold and uranium-producing Buffelsfontein expects its capital expenditure to rise to R22m (£12.9m) in the current year to June 30 from R15.3m in 1977-78. Of the projected spending, R2.7m will go towards improvements to the uranium plant and R10.3m to the Strathmore shaft system. Last year's pre-tax profit rose by R18.9m to R54.8m.

In his annual statement the chairman, Mr. J. C. Fritz, says that there has been a tendency on the part of uranium customers to take delivery as late as possible but the medium term outlook is "relatively good." If the gold price keeps above $200 per ounce he expects another favourable year for the company despite a gradual deterioration in the grade of ore. Buffels were 17p down at 836p yesterday.

SILVERMINES

Half-year net profits of Ireland's Silvermines have fallen to £136,225, or 1.62p per share, from £376,811 in the first half of the past year to last June when the total was reduced by a second half loss to £326,681.

The company has a 25 per cent stake in Mogul of Ireland, which has moved into losses as a result of lower zinc prices and reduced production. Despite a recent improvement in the zinc producers' price Mogul does not expect a profit for the full year to next June and no dividends are envisaged. Silvermines shares were 5p down at 34p yesterday.

ROUND-UP

Hudson Bay Mining and Smelting, the Anglo American of South Africa Canadian unit, has acquired more than 94 per cent of the shares in Whitehorse Copper following an offer of $4 a share made at the end of last May. Under Canadian law, Hudbay is now qualified to acquire the remaining outstanding shares and intends to do so. When it made its offer, its holding was 41 per cent. Whitehorse has a copper mine in Yukon.

* * *

Roman Corporation has built up its share in Denison Mines, the Canadian uranium producer, to 31.5 per cent from 29.8 per cent at the beginning of the year, by purchases on the open market. Denison holds 12 per cent of Roman Corporation. Mr. Stephen Roman is the chairman of both companies and the sharebuying is seen as a measure to ensure that control remains in his hands.

* * *

Noranda Mines, the Canadian group, announced from Toronto that it had started a court action against the El Teniente division of Codelco, the Chilean state corporation, alleging patent infringements of its continuous copper smelting process.

* * *

South Roodepoort Main Areas, the South African gold mine administered by General Mining but expected to cease production next year, has received an offer from an unnamed bidder. The future of the mine will be discussed at the annual meeting in three weeks' time.

* * *

A public inquiry will be held in British Columbia early next year to help the provincial Government decide on the standards and environmental requirements for uranium mining. No uranium mine development will take place until the results of the inquiry have been reveiwed by the Cabinet and new standards are in place.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on October 2, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	81.00
Albania	Lek	10.117
Algeria	Dinar	7.922
Andorra	French Franc / Spanish Peseta	8.54 / 141.90
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.328
Argentina	Ar. Peso Free Rate	1.707
Australia (S)	Australian $	1.7030
Austria	Schilling	27.65
Azores	Portug. Escudo	89.55
Bahamas (S)	Ba. Dollar	1.9715
Bangladesh (S)	Taka	29.42(sg)
Bahrain (S)	Dinar	0.757
Balearic Isles	Spa. Peseta	[illegible]
Barbados (S)	Barbados $††	3.94
Belgium	B. Franc	(cm) 60.10 / (fn) 65.15
Belize	B $	3.94
Benin	C.F.A. Franc	427
Bermuda (S)	Bda. $	1.9715
Bhutan	Indian Rupee	15.67(sg)
Bolivia	Bolivian Peso	39.45
Botswana (S)	Pula	1.6327
Brazil	Cruzeiro ‡‡	37.82
Br Virgin Is (S)	U.S. $	1.9715
Brunei (S)	Brunei $	4.3825
Bulgaria	Lev	1.7158
Burma	Kyat	13.275
Burundi	Burundi Franc	[illegible]
Cameroon Rp	C.F.A. Franc	427
Canada	Canadian $	2.3440
Canary Isles	Spanish Peseta	141.90
Cape Verde I.	Cape V Escudo	69.65
Cayman Is (S)	Cay. I. $	1.6429
Cent. Af. Rp.	C.F.A. Franc	427
Chad	C.F.A. Franc	427
Chile	C. Peso	(Bk) 65.42
China	Renminbi Yuan	3.344
Colombia	C. Peso	(F) 77.69
Comoro Is	C.F.A. Franc	427
Congo (B'ville)	C.F.A. Franc	427
Costa Rica	Colon	16.955
Cuba	Cuban Peso	1.4680
Cyprus (S)	Cyprus £	0.7125
Czechoslovakia	Koruna	(com) 10.50 / (nc) 10.45 / (T) 17.50
Denmark	Danish Krone	10.55¼
Djibouti	Fr.	325.0
Dominica (S)	E. Caribbean $	5.328
Domin. Rep.	Dominican Peso	1.9715

Place and Local Unit		Value of £ Sterling
Ecuador	Sucre	(O) 49.00 / (F) 55.48
Egypt	Egyptian £	(O) 0.7520 / (T) 1.346
Ethiopia	Ethiopian Birr	(P) 4.0857
Eq'l Guinea	Peseta	141.90
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.55¼
Fiji Is.	Fiji $	1.6168
Finland	Markka	7.9375
France	French Franc	8.54
Fr. C'ty in Af.*	C.F.A. Franc	427
Fr. Guiana	Local Franc	8.54
Fr. Pac. Is.	C.F.P. Franc	155.27
Gabon	C.F.A. Franc	427
Gambia (S)	Dalasi	4.007
Germany (East)	Ostmark	3.81¼
Germany West	Deutsch Mark	3.81¼
Ghana (S)	Cedi	5.65(sg)
Gibraltar (S)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.7030
Greece	Drachma	72.142
Greenland	Danish Kroner	10.55¼
Grenada (S)	E. Caribbean $	5.328
Guadeloupe	Local Franc	8.54
Guam	U.S. $	1.9715
Guatemala	Quetzal	1.9715
Guinea Rep.	Sily	38.442
Guinea Bissau		67.88
Guyana (S)	Guyanese $	5.027
Haiti	Gourde	9.857
Honduras Rep.	Lempira	3.98
Hong Kong (S)	H.K. $	9.31¼
Hungary	Forint	(com) 72.66 / (Tour.) 36.55
Iceland (S)	I Krona	605.75
India (S)	Ind. Rupee	15.67(sg)
Indonesia	Rupiah	818.17
Iran	Rial	138.0
Iraq	Iraq Dinar	0.5628
Irish Rep (S)	Irish £	1.00
Israel	Israel £	36.05
Italy	Lira	1.6225
Ivory Coast	C.F.A. Franc	427
Jamaica (S)	Jamaica Dollar	3.15
Japan	Yen	372¼
Jordan (S)	Jordan Dinar	0.590(sg)
Kampuchea	Riel	2.565.60
Kenya (S)	Kenya Shilling	14.810
Korea (Nth)	Won	1.74(sg)
Korea (Sth)	Won	954.45
Kuwait (S)	Kuwait Dinar	0.535
Laos	Kip Pot Po	788.80
Lebanon	Lebanese £	5.8160
Lesotho	S. African Rand	[illegible]
Liberia	Liberian $	1.9715
Libya	Libyan Dinar	0.5838

Place and Local Unit		Value of £ Sterling
Liechtenstein	Swiss Franc	3.13¾
Luxembourg	Lux Franc	60.10
Macao	Pataca	10.071
Madeira	Portug'se Escudo	89.55
Malagasy Rp.	MG Franc	427
Malawi (S)	Kwacha	1.60775
Malaysia (S)	Ringgit	4.48
Maldive Is. (S)	Mal Rupee	7.748
Mali Rp.	Mali Franc	854
Malta (S)	Maltese £	0.7680
Martinique	Local Franc	8.54
Mauritania	Ouguiya	86.265
Mauritius (S)	M. Rupee	11.812
Mexico	Mexican Peso	44.78
Miquelon	C.F.A. Franc	427
Monaco	French Franc	8.54
Mongolia	Tugrik	(O) 5.7335
Montserrat	E. Caribbean $	5.328
Morocco	Dirham	7.82(sg)
Mozambique	Moz. Escudo	65.096
Nauru Is.	Aust. Dollar	1.7030
Nepal	Nepalese Rupee	23.66
Netherlands	Guilder	4.15¼
Neth. Ant'les	Antillian Guild.	3.529
New Hebrides	Franc / Austl. Dollar	139.02 / 1.7030
N. Zealand (S)	N.Z. Dollar	1.8558
Nicaragua	Cordoba	13.84
Niger Rp.	C.F.A. Franc	427
Nigeria (S)	Naira	1.254725(sg)
Norway	Nrwg. Krone	10.09½
Oman Sultanate of (S)	Rial Omani	0.676
Pakistan	Pak. Rupee	19.59(sg)
Panama	Balboa	1.9765
Papua N.G. (S)	Kina	[illegible]
Paraguay	Guarani	[illegible]
P'ple's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.6755
Peru	Sol	exC (A) 358.72
Philippines	Ph. peso	14.510
Pitcairn Is. (S)	£ Sterling / New Zealand $	— / 1.8558
Poland	Zloty	(Cm) 62.45 / (T) 62.45
Portugal	Pgse. Escudo	89.55
Port Timor	Timor Escudo	89.55
Principe Isle	Pgse. Escudo	89.55
Puerto Rico	U.S. $	1.9715
Qatar (S)	Qatar Ryal	7.57
Reunion Ile de la	French Franc	8.54
Rhodesia	Rhodesian $	1.3672

Place and Local Unit		Value of £ Sterling
Romania	Leu	(cm) 8.44 / (nc) 22.79
Rwanda	Rwanda Franc	180.87
St. Christopher (S)	E. Caribbean $	5.328
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.328
St. Pierre	C.F.A. Franc	427
St. Vincent (S)	E. Caribbean $	5.328
Salvador El	Colon	[illegible]
Samoa (Am)	U.S. $	1.9715
San Marino	Italian Lire	1.6225
Sao Tome	Pgse. Escudo	89.55
Saudi Arabia	Ryal	6.55
Senegal	C.F.A. Franc	427
Seychelles	S. Rupee	13.53
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	4.3825
Solomon Is. (S)	Solomon Is. $	1.7030
Somali Rep.	Som Shilling	(A) 12.410
Sth. Africa (S)	Rand	1.70655
S. W. African Territories (S)	S. A. Rand	1.70655
Spain	Peseta	141.90
Spain, Ports in North Africa	Peseta	141.90
Sri Lanka (S)	S. L. Rupee	30.7550(sg)
Sudan Rp.	Sudan £	(A) 0.7886
Surinam	S. Guilder	3.529
Swaziland (S)	Lilangeni	1.70655
Sweden	S. Krona	8.70
Switzerland	Swiss Franc	[illegible]
Syria	Syria £	(A) 7.738
Taiwan	New Taiwan $	(P) 70.974
Tanzania (S)	Tan. Shilling	14.665
Thailand	Baht	39.485(sg)
Togo Rp.	C.F.A. Franc	427
Tonga Is. (S)	Pa'anga	1.5766
Trinidad (S)	Trin. & Tobago	4.7316
Tunisia	Tunisian Dinar	0.771(sg)
Turkey	Turkish Lira	[illegible]
Turks & C's	U.S. $	1.9715
Tuvalu	Australian $	[illegible]
Uganda (S)	Ug. Shilling	[illegible]
United States	U.S. Dollar	1.9715
Uruguay	Uruguay Peso	(cm) 12.80 / (fn) 12.85
Utd. A. Emirates	U.A.E. Dirham	7.67
U.S.S.R.	Rouble	1.51
Upper Volta	C.F.A. Franc	427
Vatican	Italian Lire	1.6225
Venezuela	Bolivar	8.46
Vietnam	Dong	(O) 4.295 / (T) 4.2041
Virgin Is. U.S.	U.S. Dollar	1.9715
Western Samoa (S)	Samoan Tala	1.1656
Yemen	Ryal	8.72(sg)
Yugoslavia	New Y Dinar	37.0882
Zaire Rp	Zaire	1.559416
Zambia	Kwacha	1.55

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
† Rupees per pound.
§ General rates of oil and iron exports $2.503.
‖ Based on cross rates against Russian rouble.
** Rate is the Transfer market (controlled).
†† Rate is now based on 2 Barbados $ to the dollar.
‡‡ Now one official rate.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Further earnings boost for American Standard

BY TERRY BYLAND

THE PRESIDENT of American Standard, Mr. William A. Marquard, told a Press conference in London yesterday that he expects group earnings for 1978 to exceed $7 a share. This compares with $5.62 a share for 1977 and adds strength to the earlier prediction that earnings would be "substantially higher" this year. Sales for the group, which operates in building products, transportation, construction and mining, and security systems, are on target for the previous forecast that they would exceed $2bn in 1978.

Losses on foreign exchange, which hit the group in the third quarter by $4m to $5m are expected to be "slight" in the fourth quarter of the current year.

At the beginning of June, share earnings on a 12 month basis had already reached $6.82. Total revenue for the same period stood at $1,964m and earnings at $98m.

Looking ahead to next year, Mr. Marquard said that sales and earnings would be at good levels, if not showing the same percentage improvements of the past. He expects earnings to be above the rate of inflation in the U.S., even after allowing for a conservative estimate of a "flat" performance by the national economy in 1979.

He expects to report a positive cash flow in that year, for which the group has planned for a 10 per cent increase in capital spending.

American Standard's earnings base remains firmly established in the U.S., whence some 58 per cent of profits came last year. European operations, which include plants manufacturing truck brake systems in Germany, Austria, France and Italy, produced 30 per cent of group earnings in 1977. Last year Standard acquired Clayton Dewandre of the U.K.

The transportation and industrial products division, which produced some 34 per cent of world wide earnings in 1977, when its results were described as "excellent," should have even better figures this year.

In the U.S., sales of freight cars and switching and signalling equipment should increase. On the European side, the heavy truck sector remains sluggish but the addition of Clayton Dewandre should expand group business.

Over the period from 1976 to date, expansion of the European heavy truck division, which manufactures WABCO braking systems for trucks, has pushed up sales from 402,000 to 420,000 (estimated) units. Over the same period, output of U.S. freight cars rose from 54,000 to 60,000.

Merrill Lynch in merger talks

By Stewart Fleming

NEW YORK, Oct. 2.

MERRILL LYNCH, the largest U.S. brokerage company, has announced that it is discussing a merger with Amic Corporation, a North Carolina-based insurance concern.

Amic is a holding company that owns American Mortgage Insurance, whose main business is to provide insurance to lenders against loss on residential first mortgage loans.

Its subsidiaries are licensed to offer insurance services in 43 states including the District of Columbia. In 1977 Amic's net premiums written amounted to about $18m and net income was $6.7m.

Merrill Lynch, which in terms of its size and capital base dominates Wall Street's stockbroking community, has been diversifying agressively in recent years.

Last month, it revealed that its next major diversification would be into the residential property sector. It said that it was negotiating with "several" residential real estate companies whose acquisition would mark the company's "initial entry into the rapidly growing residential brokerage industry."

The company said that such a move would take it another step closer to its goal of providing a full financial service. It has already expanded its operations into international banking, life insurance and providing services which are similar to commercial broking in some cases.

Its first move into the real estate business was in 1968 when it acquired a mortgage banking and property management operation. Last year it acquired a business which helps executives relocate, helping in buying and selling properties and making moving arrangements.

Amsterdam Bourse agrees major trading extension

BY CHARLES BATCHELOR

AMSTERDAM, Oct. 2.

A MAJOR shake-up of stock market practice is to be carried out by the Amsterdam Bourse. The measures, aimed at creating a more efficient pricing system, will come into effect on January 1.

They will include a considerable extension of the number of shares that can be traded within official market hours, and will involve changes in dealing procedure for large lines of stock. The Bourse authorities may also introduce a new commission structure.

The number of stocks which will be traded throughout the entire one and three quarter hour official opening hours will be doubled to about 40. At the same time shares and bonds will also now be traded during pre- and after-Bourse hours — from 10 to 11.30 am and from 1.15 to 4.30 pm.

The aim is to establish the exchange firmly as the central market place for securities' business and to expand trading. No figures are available for out of hours business but it is thought to be considerable. These changes are expected to lead to the more efficient pricing of shares. Out of hours orders must now be carried out through a jobber on the floor of the exchange.

Large orders may only be transacted without involving a jobber when there is no danger that they could lead to considerable disruption of the market. At least a quarter of the transaction must be carried out at the prevailing Stock Exchange price. Banks and brokers must also report these transactions — defined as deals worth more than Fl 500,000 ($237,000) in one stock —to the Exchange Association.

The majority of stocks will continue to be traded in two sessions — 45 minutes at the start of official trading and the last half hour of official trading.

These latest moves to expand and strengthen the Amsterdam Stock Exchange come at a time when the exchange has recently been setting new trading records. Turnover in August was Fl 4bn ($1.89bn) — the fourth month this year in which the Fl 4bn level has been reached or exceeded.

The record month was June with turnover of Fl 4.32bn. Share turnover alone was Fl 2.09bn in August — only the second month in the exchange's history when share turnover has exceeded Fl 2bn. June turnover was a record Fl 2.55bn.

Losses continue at Snia Viscosa

By Our Own Correspondent

MILAN, Oct.

FURTHER EVIDENCE of the critical state of the Italian chemicals industry, particularly in the synthetic fibres sector, come from the first half reports of Snia Viscosa and ANIC.

Snia Viscosa, the synthetic fibres and armaments producer controlled by Montedison, losses continued in the 1978 first half and were concentrated in its fibres division, which accounts for nearly half of turnover. Snia's synthetic fibre sales rose 6.1 per cent in cash terms but this masked a fall in the actual volume of sales.

ANIC, the chemicals subsidiary of the state hydrocarbons group, ENI, also continued to run a heavy deficit in the first half, in spite of an 18 per cent rise in group sales, which reached L593bn (around $720m). ANIC said it expects further heavy losses for the rest of the year, implying the probability of another reduction in its L198bn capital.

Both ANIC and Snia are planning measures to restructure their fibres operations and reduce losses, but the Italian fibres industry in general is likely to be particularly hard hit by the prospective banning on the part of the EEC Commission of a planned European fibre cartel.

Snia Viscosa and Montedison have announced plans to merge their synthetic fibres activities in a separate company, as part of a strategy to reform the finances of both groups. Montedison's fibres subsidiary Montefibre, also continued to run at a heavy loss in the first half of 1978 contributing substantially to Montedison group losses.

$500m investment by Walt Disney

NEW YORK, Oct. 2.

WALT DISNEY Productions plans to spend about $500m on two new theme parks at Disney World, Florida, Mr. Card Walker, president and chief executive, told delegates to the World Congress of the International Chamber of Commerce meeting at Walt Disney World.

Mr. Walker said the projects "Future World" and "The World Showcase" will implement founder Walt Disney's concept of an experimental prototype community of tomorrow and is scheduled for completion by October 1, 1982. The projects will include participation by General Motors, Exxon (U.S.A.) AT and T and Kraft Inc.

He said that Disney has received letters of intent from business or government interests in 10 other countries to participate in the project.

The experimental prototype community of tomorrow will be operated separately from the adjoining Walt Disney World.

"Future World" will be a series of pavilions displaying future technologies for energy, transportation, the land, the seas, space, life and health and other subjects.

In its first phase "the world showcase" will have 10 nations participating with additional countries expected to join in a second phase.

The existing Walt Disney World has recorded a seven-year attendance of nearly 90m visitors, and the new theme parks are expected to attract a further 8m to 10m visitors in their first year of operation.

The new parks, including the additions, will represent a total investment of more than $1bn, Mr. Walker said. AP-DJ

Swiss permit Texon tax probe

BY JOHN WICKS

ZURICH, Oct. 2.

THE SWISS Federal Appeals Court in Lausanne has decided to permit income-tax authorities in Canton Ticino to investigate liability for defence tax of debtors and creditors of Texon-Finanzanstalt, of Liechtenstein. It was through this company that SwFr 2.2bn worth of clients' funds of the Chiasso branch of Credit Suisse were shown last year to have been channelled.

The Ticinese appeals court had previously allowed the Cantonal tax authorities to examine documents held in connection with the *sub judice* prosecutions in the Texon case, in so far as these could be used in a case for tax evasion against the defendants in the criminal proceedings.

A request to investigate Texon's debtors and creditors named in a list forming part of the documentation was rejected. This decision has now been reversed by the federal court's judgment.

● A company has been set up in Meyrin, near Geneva, to continue the operations of the Swiss charter airline SA de Transport Aerien (SATA). To be known as Compagnie de Transport Aerien (CTA), the new undertaking will begin its activities in November with a provisional capital of SwFr 6m provided by Swissair, which will also advance the same amount for operating costs.

The new CTA company is not, as partly expected, to take over the assets and liabilities of SATA, which is in financial difficulties. It will purchase the airline's Caravelle aircraft, however, and take over part of the SATA personnel. Flights with the three Caravelles will begin next month under the new management. As soon as possible, a majority of the capital of CTA —whose definitive name will be announced later—will pass into western Swiss hands.

Reed Paper back in the black

By Robert Gibbens

MONTREAL, Oct. 2.

REED PAPER LTD., the troubled Canadian arm of Reed International of the UK, was profitable for the first time in eight consecutive quarters during the third quarter this year, Mr. Donald MacIver, the president said, but the company does not expect to show a profit for the whole year.

It has sold its decorative products group to the parent and also its interests in two western pulp mills for a total of just over C$100m cash. Newsprint demand has been strong and fine papers have improved substantially. Lumber has performed well, packaging has improved and pulp has become stable with further improvement in 1979 likely.

However the Dryden operations in Ontario have "immense" problems to be overcome. Negative cash flows will continue for several more years. The pulp mill will need very large capital spending because it is so old.

Debt is stable and was improving through the third quarter. The policy was to reduce debt further by the proceeds of asset sales. The pigments business is still for sale. Talks with a view to the sale of Reed International's 87 per cent interest in Reed Paper are still at a "preliminary stage." Accumulated tax loss carry-forwards now total more than C$70m (US$58.8m.).

Wells Fargo sees third quarter gain of 11%

NEW YORK, Oct. 2.

WELLS FARGO of San Francisco, expects third quarter earnings to be up more than 11 per cent from the same period of 1977.

In a news release, Mr. Richard P. Cooley, president of the bank holding company, said he did not expect the third quarter gain "to match the 36 per cent growth rate of the first half of 1978 over the first half of 1977. However, we do anticipate healthy earnings growth for the final quarters of this year as well as for 1979."

In the 1977 third quarter, Wells Fargo reported net operating earnings of $25.1m or $1.14 a share.

Separately Mr. Cooley estimated that automatic funds transfer programmes to be introduced on November 1 under Enabling Regulation, will cost the bank 5 cents to 10 cents a share in 1979. Under the programme, customers can have funds automatically transferred from their interest-bearing savings account to their cheque accounts.

AP-DJ

Sandoz U.S. seeks $40m

NEW YORK, Oct. 2.

SANDOZ U.S. plans to issue up to $40m of commercial paper in the U.S. through the First Boston Corporation.

Sandoz said it expects the first offering to be made sometime this month. The paper, which will have the typical one-to-270-day maturities, will not be guaranteed by its Swiss parent company, Sandoz Limited.

The paper will instead be backed by a $40m irrevocable bank revolving credit agreement which provides that the bank will repay the paper should the company be unable to do so.

Sandoz indicated that a primary reason for seeking the bank credit was that it is a fairly new company, having been formed late in 1976, and it wanted to become known to the U.S. financial community.

In addition, it noted that bank-supported paper should result in some savings for the company since it tends to command a premium over non-bank supported issues.

Reuter

Dean Witter lifts payment

NEW YORK, Oct. 2.

DEAN WITTER REYNOLDS Organisation, the securities broker, said its Board has raised the quarterly dividend from 15 cents to 20 cents per share, payable November 1.

In the year to August 31, net earnings increased from $12.6m to $18.6m. Revenues of $412.6m compared with $239.1m last time.

Net income per share was $2.65 in 1978 against $2.62 in 1977.

Fourth quarter net of $8.1m on revenues of $143.9m compared with net earnings of $2.6m on revenues of $62.7m. Net income per share for the quarter was $1.02 against 56 cents.

Agencies

Gaming stocks

The New York Stock Exchange is removing certain gaming stocks from its list of those required to have special initial margin and capital requirements, Reuter reports from New York.

The securities being taken off the list are Bally Manufacturing Corporation's common stock and 6 per cent convertible subordinated debentures due 1998, and common stock of Harrahs, Playboy Enterprises and Del E. Webb Corporation.

Copperweld optimism

Copperweld Corporation expects earnings for the whole of 1978 to be "stronger than" last April's projection of $8.8m or $1.50 a share, AP-DJ reports from Pittsburgh.

But the company noted that a planned restructuring of its Bimetallics group, which resulted in a $9.1m net charge in the second quarter will hold full year net well below last year's total of $16.3m or $2.91 a share.

The company said this year's earnings should exceed expected levels due to better than expected demand for specialty alloy and carbon steel bars, improvement in demand for tubing, and somewhat stronger demand for Bimetallic products abroad.

Copperweld also credited "the effectiveness of its corporate reorganisation which restructures the company into three main operating groups."

New plant for Philips Austria

By Paul Lendvai

VIENNA, Oct. 2.

THE AUSTRIAN subsidiary of Philips has decided to erect a new plant in Vienna to take over the world-wide manufacture of video recorders for the concern. Investment costs are put at Sch 2bn (about $142m). The plant with a production staff of 3,000 is planned to go on stream in 1980.

The municipality of Vienna and the Austrian Federal State are reported to have promised large subsidies and a site of 150,000 square metres has been provided free of charge by the City of Vienna. Philips, Austria reckons with an annual sales total of Sch 4bn with the lion's share going abroad. According to Die Presse, the Vienna daily, the Government promised Sch 160m in ERP (Marshall Plan counterpart) funds and interest subsidies involving credits of 1.2bn.

Meanwhile, figures recently released by the Austrian Central Bank indicate that 25 per cent of Austrian industry and 8 per cent of all economic enterprises were controlled by foreign capital at the end of 1975. The survey carried out in 1975 concluded that the foreign dominated companies had an aggregate labour force of 153,000.

Beghin-Say expects sharp improvement in profits

BY OUR FINANCIAL STAFF

A FURTHER sharp improvement in profits at the operating level is announced by Beghin-Say, the largest sugar company in France.

For the first half of 1978 the company is showing a return of FFr 155.5m ($36m) before write-offs and provisions, compared with just FFr 812m a year earlier. Operating profits for 1977 as a whole amounted to FFr 7m in contrast to a loss in 1976 of FFr 33m.

Beghin points out that its interim results do not include an unspecified capital gain of FFr 15.5m. The company is giving no indication at this stage of what, if any, provisions will be made against profits for 1978.

Despite a return to a normal sugar beet harvest after two disastrous crops, the company last year incurred a net loss of FFr 127m. This was largely the result of provisions against the Unisur subsidiary and additional charges for depreciation.

Meanwhile, the shares of Lafarge closed at FFr 252.20 ex-rights on the cash market today compared with FFr 261.90 on Friday with rights, Bourse sources said. Forward market Lafarge shares, which go ex-rights on October 24, closed unchanged at FFr 260.

Lafarge is making a one-for-five rights issue at FFr 200 per FFr 100 nominal to increase its capital to FFr 558m from FFr 465m.

Share issue by Cycles Peugeot

PARIS, Oct. 2.

CYCLES Peugeot, which is part of the Peugeot-Citroen group is to raise FFr 33.2m ($7.7m) through the issue of new shares at FFr 400 each.

As a result, the company's capital will rise to FFr 33.33m from FFr 25m. The new shares will carry dividends backdated to January 1 this year, and shareholders can subscribe on the basis of one new share for three currently held.

Cycles Peugeot's non-consolidated net sales were FFr 820m for the first half of 1978: for the whole of 1977 they totalled FFr 1.43bn.

Reuter

Italsider losses

Italsider expects continued losses this year, as an increase in sales is proving insufficient to cover higher costs, Reuter reports from Genoa. First half sales rose 4 per cent to L1.3 trillion (million million), $1.6bn, with steel production rising by 4.3 per cent to 5.3m tonnes. The company had a net 1977 loss of L395bn against the previous year's L130bn loss. Short term debts rose in the first half, as a result of losses, while long term debts were reduced by conversion on the part of the first parent company Finsider, of loans into share capital.

Siemens seeks U.S. issue

BY GUY HAWTIN

FRANKFURT, Oct. 2.

SIEMENS IS to become the first West German company to issue commercial paper in the United States market. It was announced today that the bonds will be issued by Siemens' U.S. subsidiary, Siemens Capital Corporation.

The bonds will be offered to the public through A. G. Becker and The Lehmen Commercial Paper Inc.

Meanwhile the group reported that whereas orders had shown satisfactory growth throughout the entire concern during the 1977-78 business year, which ended on September 30, performance had varied in individual sectors.

Sears Roebuck profits to rise

ZURICH, Oct. 2.

MR. JACK KINCANNON, senior vice-president of Sears Roebuck and Co., told a meeting of Swiss bankers and businessmen today that the company's earnings per share in the second half of this year would be better than in the first.

The meeting was arranged to mark the introduction of Sears Roebuck shares on Swiss Stock Exchanges. Herr Hanns Kessler, a director of the Swiss Bank Corporation, told the meeting that Sears had picked the right moment to introduce its stock to Swiss investors because currency stability measures announced on Sunday by the Swiss National Bank had strengthened the dollar today.

Sears Roebuck had first half net of $356.16bn or $1.11 a share, down from last year's first half net of $360.9bn or $1.13. First half sales were $9,577.3bn compared with $7,683.77bn.

AP-DJ.

Abitibi extends offer

The Abitibi Paper Company of Toronto is going ahead with its C$23 cash per share offer for the minority holding in Price Company, writes Robert Gibbens from Montreal.

Abitibi, until last week, owned 58 per cent of Price, and on Friday agreed to buy just over 1m shares held by Consolidated-Bathurst at C$23 per share.

Abitibi expects to mail the formal offer to the remaining Price shareholders within the next 15 days.

Tenneco loses plea

THE American Supreme Court has denied a request by Newport News Shipbuilding and Dry Dock Company and its parent Tenneco that it should become involved in a contract dispute between the shipbuilder and the American Navy, AP-DJ reports from Washington.

The court let stand a Federal Appeals Court ruling reinstating a suit by the Navy to force Newport News to complete work on a nuclear frigate.

SEC warning to brokers

WASHINGTON, Oct. 2.

A STERN warning has been issued by the Securities and Exchange Commission to securities firms to stop a number of practices that the Commission believes are unfair to customers.

The warning included the practice of issuing cheques to customers that had been drawn on distant banks to prolong the broker's use of the customer's money, and the practice of retaining interest and dividend payments instead of disbursing them upon receipt.

Mr. Edward I. O'Brient, president of the Securities Industry Association, swiftly denied that any fraud occurred by any broker-dealer in any of these practices.

Mr. O'Brien said that any broker if asked would furnish at any time to any client the amount of commission for brokerage services and the amount of custodial fee that would be charged.

AP-DJ

EUROBONDS

DM issues more active

BY FRANCIS GHILES

PRICES OF Deutsche Mark denominated bonds moved up today by about a quarter of a point in what was described by dealers as more active trading than is usual on Mondays. Quite apart from the continuing good conditions in the domestic German bond market, stronger buying interest from Switzerland than has been the case in recent months seems to be behind this increase in prices.

Swiss investors are anticipating an improvement of the Deutsche Mark against the Swiss franc, a movement which was beginning to show signs of materialising already today. One Deutsche Mark was worth SwFr 0.823 at the close yesterday against 0.799 last Friday.

The private placement for ISCOR was priced at 100½ today, as anticipated by the lead manager Bayerische Vereinsbank. At the same time the indicated terms of the DM 150m for Venezuela which is being led by Westdeutsche Landesbank were confirmed: the maturity of the bond will be 12 years and the indicated coupon 6¾ per cent. Final terms are expected on October 13. It was also confirmed that Marudai Foods would be arranging a DM 50m convertible through Deutsche Bank. Indicated terms will be known later this week.

In the dollar sector, activity trading was quiet with prices unchanged. Most dealers now expect the U.S. prime rate to move up to 10 per cent sometime in the next 10 days.

The $20m convertible for Novo Industri, the first ever for a Danish name was priced at par with conditions otherwise unchanged by the lead manager, Morgan Grenfell. The conversion premium was set at 10.2 per cent.

SWISS FRANC MEASURES

Foreigners may increase holdings

BY JOHN WICKS IN ZURICH

INVESTORS outside Switzerland will be able to increase their holdings of Swiss-franc securities, following Sunday's announcement of new measures to counter the sharp rise in the exchange rate. The share of foreign borrowings open to non-resident subscription will be increased from 35 per cent to 50 per cent, while proceeds from the sale of Swiss domestic securities will be liable to be reinvested without restriction.

These two relaxations in the regulations announced in February are seen by the National Bank as likely to contribute to government policy of keeping interest rates low. At the same time, it is hoped that demand for foreign currencies will be improved by the promotion of non-resident borrowings. This is intended to result both from the expansion of the buying public for foreign issues and from a decision to allow borrowers to exchange half of their Swiss franc proceeds on the free market. The National Bank would also facilitate foreign currency investments by industrial undertakings.

It seems unlikely that the programme will have a really striking effect on the bond market. There has for some time been a marked shortage of new issues during high domestic liquidity, and primary-market bonds have been regularly and massively oversubscribed. The recent SwFr 50m issue of Oberoesterreichische Kraftwerke at 4 per cent was subscribed "several times over," according to lead manager Credit Suisse, and the same has applied to other foreign loans.

The possibility of reinvesting foreigners' Swiss franc income from the sale of domestic securities does provide the chance for non-residents to stay in the market and to change the type of domestic security held. Domestic securities include foreign borrowers' Swiss franc bonds, so this would allow non-resident investors to enter the market under the 50 per cent clause and subsequently exchange the bonds purchased for Swiss securities.

If the franc is to be brought down to a realistic rate against the dollar, Switzerland would have to reduce its surplus, prevent heavy capital inflows, and persuade Swiss corporations to hold money in foreign currencies, according to Mr. Guido Hanselmann, general manager of Union Bank of Switzerland.

The Swiss authorities are prepared to keep liquidity high, and even raise it above present levels, so long as the Swiss franc crisis continues, while the National Bank is determined to keep its foot on interest rates. This reduces the attraction of the currency for foreigners, favours the repatriation of funds and aids Swiss exports. A number of deposit and money market rates have recently been cut and further reductions are pending. Since inflation is running at only an annual 1.1 per cent, even very low capital market coupons present an attractive real term interest rate for investors.

The Swiss stock market has been having a rough time recently as a result of the high exchange rate, with some leading stocks reaching their lowest price this year. Quotations improved substantially towards the end of last week, however, as the Swiss franc fell back from its record highs. The secondary market for bonds has been subject to much less depression, although non-resident investors have been banned from participation since February. All pre-listed foreign bonds are at or over issue price, though turnovers are not large, while many listed bonds have a substantial bonus in view of their now highly attractive coupons.

The level of these earlier issues continues to lead to large-scale premature redemptions. A list drawn up by the Zurich newspaper "Finanz und Wirtschaft" of such repayments already announced between now and next July shows a sum of nearly SwFr 650m of 4½ to 6½ per cent. foreign loans being redeemed anything from three to 10 years before original maturity.

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صورة عن الأصل

INTL. FINANCIAL AND COMPANY NEWS

MONTEDISON

Mystery of 10% Saudi stake

BY DAVID WHITE IN PARIS

THE IDENTITY of the group of Saudi interests which is to take a 10 per cent stake in Montedison, the financially fraught Italian chemicals combine, is being kept a closely-guarded secret.

The operation, which involves subscribing to a Montedison rights issue, thereby pumping much-needed new capital into the group, is being carried out through the trusteeship of the Paris-based consortium bank, Banque Arabe et Internationale d'Investissement (BAII).

The bank, in which major international banks, including Barclays Bank, and Arab institutions have equal participations, holds no direct industrial interests itself, but has acted on behalf of financiers from various Arab countries seeking anonymity. This is the first such operation made through the BAII to become public knowledge, as well as being by far the largest of its kind organised by the bank.

The BAII, which has capital and reserves of FFr 65m ($15m), is a wholly-owned subsidiary of a Luxembourg holding company, Compagnie Arabe et Internationale d'Investissement. The holding company's $67m equity capital is split 50-50 between a group of Western banks and Arab interests from various countries, notably Saudi Arabia, Kuwait and Qatar.

The Abu Dhabi Government also has an important stake, and the banking shareholders include Barclays Bank, France's state-sector Banque Nationale de Paris, Bankamerica Corporation and Union Bank of Switzerland.

Figures given by the bank in Paris showed that the Luxembourg holding company had a balance sheet total of $1.4bn on June 30 this year and that it registered a net profit of about $7m in 1977.

Its Paris banking arm, which also has offices in Bahrein and Beirut, showed a net profit last year of Frs 6m, an increase of 20 per cent. The principal shareholding of BAII are a 10 per cent interest in Hill Samuel and a 6.5 per cent stake in a leading U.S. investment bank, Dean Witter Reynolds.

It also has shareholdings in development banks in Morocco, Tunisia and South Korea.

The bank, one of several Arab consortium banks set up in Paris, has been operating for five years. Its balance sheet total has shot up from about Frs 2.55bn in 1975 to 4.3bn at the end of 1976 to Frs 6bn currently.

It has been one of the most active of the Arab banks in the Eurobond market and in syndicated loans, while it has also shown interest in expanding real estate activities in the Middle East.

The planned Arab investment in Montedison is the first such operation made through the BAII to become public knowledge, as well as being by far the largest of its kind so far organised by the bank

Meanwhile, the Bourse has reacted favourably to Montedison's announcement that a group of Arab investors plans to buy 10 per cent of its share capital. Montedison shares opened firmer on the Milan Bourse today, in spite of the company's warning that it expects heavy operating losses this year.

The company has announced plans to cover these losses by the revaluation of its assets, including its oil and gas activities, fostering hopes that the group's financial situation can be improved in the not too distant future.

Primrose Industrial sees major improvement for current year

BY RICHARD ROLFE

JOHANNESBURG, Oct. 2.

MR. A. R. KEMP, the chairman of Primrose Industrial, the leading brick manufacturer in South Africa, says in the annual report for the year to June 30 that if budgeted levels of sales can be achieved, results in the current year will show a major improvement on those for the year just closed. Last year, Primrose's pre-tax profits fell from R2.1m to R1.1m, both figures being a sharp decline from the record ...m pre-tax achieved in 1976. The dividend was cut from 10.5c to 5.5c compared with 24c in 1976.

Effective control of Primrose passed to the diversified sugar group Tongaat in April. Proposals are now before Primrose shareholders aimed at merging the group with Coronation Industrials, Tongaat's wholly owned brick manufacturing subsidiary. If these are approved, Primrose will allot 10.3m shares to Tongaat, raising its issued share capital to 21.5m shares, of which Tongaat will hold 65 per cent.

The combined group will, according to the boards, be the second largest brick manufacturer in the western world, with total capacity of 830m face bricks and 1bn stock bricks annually, though at present it is operating well below capacity.

Rationalisation benefits expected to flow from the deal include the elimination of one of the two existing head offices, combined research facilities and rationalisation of the various regional markets where there is an overlap. For the period to March, 1979, a change occasioned by the need for the same year-end as Tongaat, these benefits are expected to be worth 2.3c per share.

Last year, Primrose earned 9.1c per share, so the outlook is for at least the same over the current nine-month period. The shares are currently 115c, yielding an historic 4.8 per cent.

Tokyo office for Warburg

By Charles Smith

TOKYO, October 2.

S. G. WARBURG, of London, became the fifth UK merchant bank to establish a presence in Tokyo with the opening of its representative office today. Warburg has been actively involved in the management of Japanese international bond issues since 1964, but has now reached the conclusion that a presence on the ground is needed to make the most of business opportunities in Tokyo.

Warburg joins Kleinwort Benson, Baring Brothers and Schroder, all of which already have Tokyo representative offices. Hambros closed its Tokyo office in 1975. Apart from the London merchant banks, Wardley of Hong Kong and Jardine Fleming, a Hong Kong based joint venture of Robert Fleming and Jardine Matheson and Company, also have Tokyo offices.

Although Warburg has an established position in the management of Japanese Eurodollar issues, the bank has one other major line of activity which has yet to be developed in Tokyo—the provision of corporate financial advice. Warburg apparently takes the view that conditions are now ripe for the development of this type of business. It is thought to be especially interested in assisting Japanese companies which may be interested in buying into U.S. or European manufacturing ventures.

The Tokyo office is to be run by Mr. Martin Edelshal, who comes from Warburg's corporate advice section.

Samsung TV exports

The Samsung Electronics Company of Korea expects to have shipped 300,000 colour TVs to North America by the end of 1978. In the article on the company published on September 27, the figure was shown incorrectly.

Utd. Engineers Malaysia to raise U.S.$6.6m

By Wong Sulong

KUALA LUMPUR, Oct. 2.

UNITED ENGINEERS Malaysia, the engineering and construction company, has proposed a one-for-one rights issue, of 8½ per cent unsecured convertible loan stock, to raise 15m ringgits (U.S.$6.6m) to finance loan repayments.

The company, which has an issued capital of 15m ringgits, had incurred borrowings totalling 86.5m ringgits in loans, bills of exchange and trade credits at the end of last year, and interest charges on these borrowings amounted to 4.5m ringgits.

The rights issue carries a coupon rate of 8.5 per cent, and will conversion rights into ordinary shares of one ringgit each between 1980 and 1984. The stock has a final maturity date of 1988.

For the first half of the year to June, United Engineers reported a fall in trading profits before tax from 640,000 ringgits to 172,000 ringgits, despite a sales increase of 23 per cent.

Public has 62% of shares traded on Tel Aviv SE

BY L. DANIEL

TEL AVIV, Oct. 2

CONTRARY TO the impression generally prevailing, a study just released here by International Consultants, the Israeli financial analysts, shows 62 per cent of the shares traded on the Tel Aviv Stock Exchange are held by the public and slightly more than a third by institutional investors.

The market capitalisation of all shares, convertible debentures and options quoted on the exchange as at August 31 was just over I£40bn.

Of this I£25bn was held by the public. A breakdown shows that the public held I£16.5bn of shares in commercial banks and bank holding companies — or 66 per cent of its total holding — and only I£1.77bn in industry (7.1 per cent). The remainder is accounted for by mortgage banks, specialised financial institutions, insurance companies, services, real estate, and investment companies.

In other words, the public is playing safe, investing in banking shares because of their high profitability. Of the total of I£40bn listed, 57.5 per cent represents the shares of banks while industrial companies with I£3.6bn account for 9 per cent. The figures are qualified, however, by the fact that the majority of companies registered on the exchange have shares not listed for trading.

For example, only I£40.2m nominal value shares of the Dead Sea Works are quoted out of a total nominal share capital of I£300m. Many other companies have shares held by the founding families, and have gone public with new issues only in recent years.

The general share index rose from 110.05 at the end of 1977 to 139.85 on August 31. The real increase in the market capitalisation (adjusted for the increase in the consumer price index over the same period) was 7 per cent.

Local issue by Barclays Bank of Kenya

BY MICHAEL BLANDEN

BARCLAYS BANK International plans to issue new capital in its Kenyan operation to local investors, following the establishment of a separate locally incorporated company in that country.

The new company, Barclays Bank of Kenya, has taken over the group's operations in Kenya. Barclays has been established there for over half a century, and has more than 50 offices throughout the country. The gross assets of the new company are more than £181m.

Mr. Anthony Tuke, the chairman of Barclays, said: "Local incorporation in Kenya is more than just a change of name. It is our intention to develop Barclays Bank of Kenya as a public quoted company and, subject to the agreement of the authorities concerned, to make shares available to Kenya citizens at the appropriate time."

It is expected that Barclays will want to follow its normal policy of keeping a controlling holding where a company is using its name — the only major exception is in Nigeria. But the bank hopes that by interesting local citizens it will be able to raise further capital to support the growth of the new company.

● Barclays Bank International yesterday opened a new branch in Pittsburgh. The branch will concentrate on corporate business, particularly that connected with the finance of international trade, and wholesale banking services, in the area of western Pennsylvania, West Virginia and Ohio.

Mr. Robert Seeley, general manager of Barclays International with responsibility for the bank's North American operations, said: "As an international bank we are allowed to have an office in certain major cities in the U.S. in addition to our branch banking operations in New York State and California. We have already opened international offices in Boston and Chicago (1973), Atlanta (1976) and Houston (1977), and the Pittsburgh branch is thus an important addition to our network in America."

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
[illegible]		

Source: White Weld Securities.

Source: Kidder, Peabody Securities.

Currency, Money and Gold Markets

Swiss franc declines

The Swiss franc fell sharply against the dollar in yesterday's foreign exchange market following the announcement over the weekend by the Swiss authorities of their intention to reduce the value of the franc. These measures are to include further intervention in the market in reaction to what is believed to be an over-valued franc. However, there was a good deal of caution after the Swiss intentions became known with some sources suggesting that any re-adjustment in the franc would only postpone and certainly not change the weaker trend in the dollar. In fact the dollar reached SwFr 1.6200 at one point yesterday, compared with Friday's close of SwFr 1.5500, but its closing level was well below its best at SwFr1.5915.

Using Morgan Guaranty figures at noon in New York, the franc's trade weighted appreciation fell to 95.4 per cent from 105.9 per cent on Friday. On a similar basis the dollar's depreciation narrowed to 8.9 per cent from 9.1 per cent.

The rise in the West German mark against the Swiss franc renewed fears of further pressure being brought to bear on the weaker members of the European snake, but until it is seen a little more clearly how the Swiss are to act in the market, there did not appear to be any immediate additional pressure.

The Canadian dollar continued to decline and reached a 45 year low against the U.S. dollar at 84.10½ U.S. cents compared with 84.50½ previously. In early trading in Toronto it fell further to 83.97.

Sterling traded steadily for most of the day and after opening at around $1.9675, it fell on the initial firmness of the dollar to $1.9610. By noon it had improved to $1.9725 before closing at $1.9710-1.9720, a loss of 50 points. Using Bank of England figures, its trade weighted index was unchanged at 62.7, having stood at 62.6 at noon and in early dealings. There was little reaction to the rejection at the Labour Conference of the 5 per cent Government wage policy which came too late to affect trading.

NEW YORK—The dollar was marginally weaker from its opening levels in quiet trading. The D-mark was quoted at DM 1.9325 against an opening of DM 1.9340 while the Swiss franc firmed to SwFr 1.5915 from SwFr 1.5975.

FRANKFURT—The dollar was fixed at DM 1.9340 against Friday's fixing of DM 1.9386. It appeared that the dollar's fall against the mark was a reflection of the latter's sharp rise against the Swiss franc. Measures announced over the weekend to force down the Swiss franc have increased demand for the D-mark although it is generally conceded that these measures will have little long term beneficial effect on the dollar. The Swiss franc was fixed at DM1.2127, well down from DM 1.2530 previously and its all time high of DM 1.3270. In later trading the dollar eased to DM 1.9320 in generally quiet trading with interest continuing to centre around the Swiss franc.

BRUSSELS—The Belgian franc improved slightly at the fixing, with the D-mark at BFr 15.7647½. This was slightly above the franc's lowest permitted level within the European snake against the D-mark of BFr 15.765, a level which it touched on Friday. Recent measures announced by the Swiss authorities to reduce the value of the Swiss franc gave rise to fears that upward pressure would be put on the D-mark thus pushing down the weaker members of the snake. However this has not materialised as yet, since the market is anxious to see the effectiveness of the Swiss efforts to reduce the value of the Swiss franc. The Belgian franc tended to improve against the dollar which was fixed at BFr 30.485 compared with BFr 30.55 previously.

TOKYO—The dollar closed slightly higher against the Japanese yen at Y189.80 compared with Y189.15 on Friday. After opening at Y189.60, the U.S. currency traded quietly within Y189.50-189.90. There appeared to be little reaction to the weekend announcement by the Swiss authorities of moves to amend the present over valuation of the Swiss franc. Trading in spot turnover was very low at $351m while combined forward and swap trading amounted to $762m.

MILAN—The lira improved against the Swiss franc and the dollar but the West German mark rose to near record levels. The dollar was fixed at L822.95 against L823.55 previously while the Swiss franc fell to L516.96 from L531.62. The D-Mark rose to L425.75 compared with L424.81.

AMSTERDAM—The dollar was fixed at Fl 2.0980 compared with Friday's fixing of Fl 2.1065.

THE POUND SPOT

Oct. 2	Bank rate %	Day's spread	Close
[illegible]			

Belgian rate is for convertible francs. Financial franc 61.10-61.20.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
[illegible]				

Six-month forward dollar 2.70-2.60c pm. 12-month 5.20-5.10c pm.

THE DOLLAR SPOT

October 2	Day's spread	Close
[illegible]		

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
[illegible]				

CURRENCY RATES

October 2	Special Drawing Rights	European Unit of Account
[illegible]		

CURRENCY MOVEMENTS

October 2	Bank of England Index	Morgan Guaranty changes %
[illegible]		

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Oct. 2	£	$		Note Rates
[illegible]				

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Oct. 2	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.972	3.815	372.5	8.540	[illegible]	[illegible]	[illegible]	[illegible]	60.10
U.S. Dollar	0.507	1.	1.934	188.9	4.332	[illegible]	[illegible]	[illegible]	[illegible]	30.48
Deutsche Mark	0.262	0.517	1.	97.70	2.240	[illegible]	[illegible]	[illegible]	[illegible]	15.76
Japanese Yen 1,000	2.685	5.292	10.23	1000.	22.93	[illegible]	[illegible]	[illegible]	[illegible]	161.3
French Franc 10	1.171	2.309	4.464	436.2	1.	[illegible]	[illegible]	1900.	[illegible]	70.37
Swiss Franc	0.519	0.628	1.215	118.7	2.722	[illegible]	[illegible]	[illegible]	[illegible]	19.16
Dutch Guilder	0.242	0.477	0.925	90.14	2.067	[illegible]	[illegible]	[illegible]	[illegible]	14.54
Italian Lira 1,000	0.616	1.215	2.350	229.5	5.265	[illegible]	[illegible]	[illegible]	[illegible]	37.04
Canadian Dollar	0.427	0.841	1.626	158.9	3.643	[illegible]	[illegible]	[illegible]	[illegible]	25.64
Belgian Franc 100	1.664	3.280	6.344	619.8	14.21	[illegible]	[illegible]	2700.	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES*

Oct. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	14-16	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 day's notice	11¾-12⅛	[illegible]	[illegible]	14-16	par-⅛	[illegible]	[illegible]	20-30	[illegible]	2-2½
Month	13¼-13¾	[illegible]	9-9⅜	11-11¼	[illegible]	[illegible]	[illegible]	15-16	[illegible]	[illegible]
Three months	13½-14	[illegible]	[illegible]	9¾-10	[illegible]	[illegible]	10⅛-10⅝	16-17	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	9-9¼	[illegible]	[illegible]	[illegible]	16½-17½	[illegible]	[illegible]
One year	15-15½	[illegible]	[illegible]	[illegible]	1-1⅛	[illegible]	[illegible]	17-18	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: one month 9.00-8.90 per cent; three months 9.40-9.30 per cent; six months 9.65-9.55 per cent; one year 9.60-9.50 per cent.

Long-term Eurodollar deposits: Two years 9 7/16-9 9/16 per cent; three years 9 7/16-9 9/16 per cent; four years 9 7/16-9 9/16 per cent; five years 9 7/16-9 9/16 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Further pressure on Fed Funds

The U.S. Federal Reserve injected further money into the banking system yesterday, by way of overnight repurchase orders, as Federal Funds traded at around 8 15/16 per cent, having touched 9 per cent in places. The present target level for Fed Funds is probably around 8¾ per cent, but the exact level may remain in doubt for some days as the New York market is expected to encounter another week where money is in short supply.

Treasury bill rates rose quite sharply in early trading, with 13-week bills rising to 7.99 per cent from 7.83 per cent late on Friday; 26-week bills to 8.33 per cent from 8.26 per cent; and one-year bills to 8.20 per cent from 8.14 per cent.

One-month certificates of deposit increased to 8.75 per cent from 8.70 per cent; two-month to 8.89 per cent from 8.80 per cent; and 12-month to 9.05 per cent from 8.95 per cent.

PARIS—Money market rates were mixed, with day-to-day unchanged at 7 per cent and one-month unchanged at 7¼-7⅜ per cent. Three-month funds eased 1/16 per cent to 7 7/16-7 9/16 per cent; while six-month rose 1/16 per cent to 7 15/16-8 1/16 per cent; and 12-month fell ⅛ per cent to 8⅜-8½ per cent.

BRUSSELS—Shorter term rates were easier, as one-month fell to 7½-7¾ per cent from 7⅝-7⅞ per cent, and three-month money was quoted at 7⅜-7¾ per cent against 7½-7¾ per cent on Friday. Six-month funds were unchanged at 7¾-8 per cent, and 12-month were unchanged at 7⅞-8⅛ per cent.

FRANKFURT—Call money was unchanged at 3.5-3.55 per cent. One-month was quoted at 3.55-3.65 per cent, compared with 3.6-3.65 per cent, while three-month rose to 3.90-4.00 per cent from 3.7-3.75 per cent. Six-month funds were 4.00-4.10, compared with 4.00-4.05 per cent, and 12-month were 4.10-4.20 per cent against 4.15-4.20 per cent.

AMSTERDAM — Call money remained very firm at 12-13 per cent, compared with 11-13 per cent on Friday, while one-month rose to 10½-11 per cent from 10¼-10¾ per cent; three-month to 9¾-10¼ per cent from 9½-10 per cent; and six-month to 9-9½ per cent from 8¾-9¼ per cent.

SINGAPORE—Bank of America raised its Singapore prime rate by ¼ per cent to 7¾ per cent, while Banque de l'Indochine et de Suez; Canadian Imperial Bank of Commerce; Chase Manhattan; Irving Trust; and Lloyds Bank International made similar moves. Barclays Bank lifted its prime rate by ¼ per cent to 8⅛ per cent, and Midland Marine reduced its prime rate by ⅛ per cent to 7⅞ per cent.

HONG KONG — The money market was tight with call money at 7½ per cent and overnight at 8 per cent.

GOLD

Little change

Gold closed slightly firmer at $217¼-218 in the London bullion market yesterday, a rise of just $¼ an ounce. The metal opened at $215¾-216¼ and was fixed during the morning at $217.00. The afternoon fixing showed a slight improvement at $217.10. Trading was at a generally low level and the slightly firmer trend was seen as a result of the U.S. dollar easing later in the day. In Frankfurt the 12½ kilo gold bar was fixed at DM 13,500 per kilo ($217.23 per ounce) compared with DM 13,600 ($218.16) on Friday.

	Oct. 2	Sept. 29
Gold bullion (a fine ounce)		
Close	$217¼-218	$217-217½
Opening	$215¾-216¼	$218¼-217½
Morning fixing	$217.00 (£110.189)	$217.45 (£110.297)
Afternoon fixing	$217.10 (£110.188)	$217.10 (£109.524)
Gold Coins, domestically		
Krugerrand	$224½-226½ (£114-115)	$225½-227½ (£114-115)
New Sovereigns	$61-63 (£31-32)	$61½-62½ (£31-32)
Old Sovereigns	$60½-62½ (£30½-31½)	$61-63 (£30½-31½)
Gold Coins, internationally		
Krugerrand	$223½-225½ (£113½-114½)	$223½-225½ (£113-114)
New Sovereigns	$59½-61½ (£30½-31½)	$59½-61½ (£30-31)
Old Sovereigns	$60½-62½ (£30½-31½)	$61-63 (£30½-31½)
$20 Eagles	$301-304	$301-304
$10 Eagles	$161-164	$161-164
$5 Eagles	$111-114	$111-114

UK MONEY MARKET

Moderate assistance

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a moderate amount of Treasury bills from the Discount houses. Banks brought forward surplus balances from Friday, but this was outweighed by a modest net take-up of Treasury bills; a modest excess of revenue payments to the Exchequer over Government disbursements; and a slight rise in the note circulation.

Discount houses paid around 8¾ per cent for secured call funds in the early part, and late balances were taken at 8½-8¾ per cent.

In the interbank market overnight loans opened at 9-9¼ per cent, and eased to 8½-8¾ per cent, before rising to 8¾-9 per cent at lunch. Rates eased again to 8-8¼ per cent in the afternoon, and rose once more to 8¾-9 per cent, before finishing at 8½-8¾ per cent.

Fixed period interest rates were generally firmer, particularly for the longer periods, on fears about the future of the Government's wages policy and speculation about a rise in Minimum Lending Rate if the economic situation should deteriorate. The 12-month sterling certificates of deposit rate rose to 10¼-10⅛ per cent from 10 1/16-9 15/16 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Oct. 2 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills	Eligible Bank Bills	Fine Trade Bills
[illegible]										

MONEY RATES

NEW YORK

Prime Rate	9.75
Fed Funds	8.9375
Treasury Bills (13-week)	7.99
Treasury Bills (26-week)	8.33

GERMANY

Discount Rate	3
Overnight	3.525
One month	3.60
Three months	[illegible]
Six months	4.05

FRANCE

Discount Rate	9.5
Overnight	7.0
One month	7.3125
Three months	7.5
Six months	8.0

JAPAN

Fresh Wall St. technical rise in thin trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—81¾% (84%)
Effective $1.9715 37¾% (40%)

ANOTHER MODEST technical improvement occurred on Wall Street yesterday in thin trading, which was limited by many market participants observing the Jewish New Year holiday.

The Dow Jones Industrial Average gained 3.54 more to 871.36, while the NYSE All Common Index closed 20 cents higher at $57.98 and rises outnumbered losses by 764-to-618. Turnover was down to 18.58m shares from last Friday's total of 23.61m.

Analysts said, however, that investors remain concerned over rising interest rates and expectations that rates will move higher.

They added that the Federal Reserve may soon raise the Discount Rate, at which it lends funds to member banks, and further boosts the Federal Funds Rate, at which member banks borrow reserves from each other, to control money growth. They predicted a rise of ½ of a point to 8½ per cent in the Discount Rate and to 9 per cent from the presently assumed target of 8¾ per cent for the Fed Funds Rate.

The Commerce Department signalled some slowing of the economy in a report that U.S. construction spending fell $2.9bn or 1.4 per cent in August after a $2.5bn or 1.2 per cent July rise.

Gaming shares dominated trading again. The New York SE lifted its 75 per cent initial margin requirement on some Gaming issues but maintained it on others.

Active Ramada Inns, still on a 75 per cent margin, climbed 1¼ to $14¾. It has signed a contract to buy the Ambassador Hotel in Atlantic City for a casino. Holiday Inns, which remained on a 50 per cent margin, shed ½ to $27¾. It plans to build a 500-room hotel casino in Atlantic City.

Caesars World retreated $5 to $47 in active trading, but Bally Manufacturing rose ⅞ to $54, Harrah's ½ to $28, and Del E. Webb ½ to $24.

Among Glamours and Blue Chips, IBM put on 3½ to $280½, Du Pont 2¾ to $130½, Smithkline 2¾ to $91¾, Union Pacific ⅞ to $54¼, Kodak 1¼ to $61½, Mobil ⅞ to $71¼ and Teledyne 1¼ to $101½.

AMIC jumped 7½ to $24 on news that Merrill Lynch has started merger talks with the company. Merrill added ¼ at $20¾.

Chessie System, on reporting a third-quarter profits increase, rose ⅞ to $30.

THE AMERICAN SE Market Value Index moved up 0.63 to 169.54 in a small business. Volume 2.04m shares (3.90m).

The Amex reduced initial margin requirements on a number of Gaming issues back to 50 per cent from 75 per cent. Golden Nuggett rose 1¾ to $27½, Nortek ⅜ to $15½ and Showboat 3½ to $34.

Initial margin requirements were maintained at 100 per cent on securities of Resorts International but the "A" stock advanced 13 to $158 in active trading and the "B" 17 to $262.

Canada

Markets continued to strengthen in fairly active trading, the Toronto Composite Index advancing 6.2 further to a high for the year of 1,290.9. Golds moved ahead 18.2 to 1,681.0, Oils and Gas 6.0 to 1,738.9, Metals and Minerals 9.8 to 1,124.3, Papers 2.31 to 150.51 and Banks 1.07 to 289.48.

Price Co., the most active Industrial, rose 2½ to C$22½ and Abitibi ⅞ to C$18½. Both were halted until the last hour pending news that Abitibi is to offer C$23 for each Price share.

Germany

Share prices were often higher, continuing last week's upsurge and leaving the Commerzbank index a further 3.7 up at a new eight-year peak of 852.1.

Continued optimism about the West German economic outlook coupled with the strength of the Deutsche mark fuelled the market's rise.

Among Banks, Deutsche Bank rose DM 2.90 and Bayerische Vereinsbank DM 5.00, while Motors had Daimler-Benz DM 8.30 stronger. MAN climbed DM 7.50 in Engineerings and Karstadt added DM 2.50 in Stores.

However, VEBA were DM 2.30 lower following the Cartel Office's decision to veto the proposed take-over by Deutsche BP of parts of the VEBA group.

Public Authority Bonds were firmer on balance despite DM 33.6m of Bundesbank sales. Mark Foreign Loans also hardened.

Tokyo

After taking its recent good rise a stage further in early trading, the market sustained a reaction on profit taking, to close with a predominance of losses on the day. The Nikkei-Dow Jones Average reached a new record high of 5,791.92 before declining to 5,780.66 for a net loss of 2.30, while the Tokyo SE index was finally 0.82 down at 434.12. Trading remained active, with volume amounting to 390m shares, compared with about 260m during Saturday's half-day session and last Friday's 400m.

Nissan Motor lost Y10 to Y700, Matsushita Communication Y40 to Y2,070, Toshiba Machinery Y4 to Y331, Shindengen, Y56 to Y594, Matsushita Seiko Y50 to Y1,300 and Pioneer Electronic Y50 to Y1,660.

However, resisting the subsequent downturn were Nippon Sheet Glass, up Y7 at Y230, Taiyo Fishery, Y9 higher at Y153, and Maruzen Oil, also Y9 firmer at Y177.

Public Works issues, reflecting increased Government public works spending plans, were also higher.

Switzerland

The Swiss National Bank's measures to stem the Swiss franc's sharply rising trend prompted heavy buying of Bourse stocks yesterday, taking the stock market's rally a good stage further. The Swiss Bank Corporation's Industrial index picked up 5.9 more to 280.2.

Leading Industrials were very active with Ciba-Geigy adding 40 at SwFr 985, Nestle 30 at SwFr 3,210, and Sandoz 175 at SwFr 3,700.

Banks and Financials were strong, led by Bearer shares of Union Bank and Credit Suisse.

Paris

Last week's good performance gave way to a mixed trend yesterday.

Poclain was notable for a rise of 14 to FFr 229 in mostly higher Engineerings, while elsewhere, Legrand advanced 21 to FFr 1,976 and Carrefour 22 to FFr 2,042.

In contrast, Peugeot-Citroen shed 6 to FFr 531 in Motors. Thomson Brandt lost 6 to FFr 301 and Club Mediterrance 14 to FFr 490.

Hong Kong

Most stocks lost further ground in quieter trading, still depressed by last Thursday's Hong Kong Land debenture issue. There was a slight recovery late in the day, although the Hang Seng index closed with a fresh fall of 16.22 at 616.92.

Hong Kong Bank and Jardine Matheson declined 60 cents apiece to HK$ 19.20 and HK$ 17.20 respectively, while Swire Pacific lost 40 cents to HK$ 10, Hong Kong Land 30 cents to HK$ 11.30, Hutchison Whampoa 25 cents to HK$ 6.20, and Wheelock 10 cents to HK$ 3.375.

Among second-liners, Hong Kong Wharf fell HK$ 2.75 to HK$ 32.75, China Light HK$ 1 to HK$ 28.80, Cheong Kong 40 cents to HK$ 12.40, and Hong Kong Electric 25 cents to HK$ 6.65.

Milan

After last Friday's pause, shares resumed their advance in active trading, with demand centred on Blue Chips.

Montedison moved ahead 8 to L286 following news that a group of Saudi Arabian investors are taking a 10 per cent stake in the company.

Fiat rose 243 to L3,057, Bastogi 20 to L650, Snia Viscosa 41 to L1,016 and Pirelli Spa 38 to L1,681.

Australia

With the Sydney stock market closed for the Labour Day holiday, stocks on the Melbourne exchange mainly drifted easier.

BHP shed 4 cents to A$8.66, while Myer, which is expected to report annual results this week, lost a cent to A$1.59.

However, Metro Industries was a bright feature, advancing 20 cents to A$1.60.

Last Friday's disclosure that oil accumulations in the Strzelecki No. 3 exploration well in South Australia's Cooper Basin are smaller than first thought saw two partners, Santos and Crusader, fall sharply, but they partially recovered later on news of a large gas flow from the well. Santos finished 12 cents down at A$3.08, after A$2.05, and Crusader 13 cents off at 82 cents, after 76 cents.

Among Uranium stocks, Pancontinental retreated 45 cents to A$12.35, Queensland Mines 5 cents to A$3.45 and Peko-Wallsend 4 cents to A$6.06.

Elsewhere in Minings, Commonwealth Mining, A$2.20, and MIM, A$3.25, receded 10 cents apiece, while Western Mining came back 8 cents to A$1.75 and Utah 5 cents to A$4.35. Resisting the downtrend were Consolidated Goldfields, 5 cents up at A$4.10, and Bougainville Copper, 2 cents harder at A$1.55.

Johannesburg

Gold shares closed on a mixed note after a small business, with the Jewish New Year holiday restricting trade. Gains ranged to 25 cents, while losses were between 5 and 10 cents.

Mining Financials were selectively harder. Platinums and Coppers were generally steady, while the Industrial market was narrowly irregular.

Amsterdam

Share prices firmed in quiet trading, helped by the recovery of the guilder on the foreign exchange market.

Among Banks, ABN put on Fl 5.50 and Amro Bank were quoted 30 cents higher ex rights to its one-for-ten share issue. Amro new rights shares closed at Fl 1.17.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
♦ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs, including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

† Bid. ‡ Asked. § Traded. ‖ New stock.

Indices

NEW YORK—DOW JONES

	Oct. 2	Sept. 29	Sept. 28	Sept. 27	Sept. 26	Sept. 25	1978 High	1978 Low	Since compilation High	Since compilation Low
Industrials	871.36	865.82	867.31	860.79	858.16	862.58	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	88.76	88.84	88.82	88.95	88.94	88.99	90.88 (4/1)	86.75 (11/7)	—	—
Transport	244.74	244.11	242.94	243.65	245.42	242.55	261.49 (8/9)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.92	106.12	106.12	106.26	106.09	105.78	110.98 (5/1)	102.84 (22/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,580	23,610	24,360	28,570	26,330	20,970	—	—	—	—

* Basis of Index changed from August 24

	Sept. 29	Sept. 22	Sept. 15	Year ago (approx.)
Ind. div. yield %	5.48	5.50	5.39	5.32

STANDARD AND POORS

	Oct. 2	Sept. 29	Sept. 28	Sept. 27	Sept. 26	Sept. 25	1978 High	1978 Low	Since compilation High	Since compilation Low
Industrials	114.22	113.72	112.99	112.62	113.75	112.85	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	102.96	102.54	101.96	101.86	102.62	101.86	106.99 (12/9)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 27	Sept. 20	Sept. 14	Year ago (approx.)
Ind. div. yield %	4.86	4.85	4.65	4.88
Ind. P/E Ratio	9.43	9.43	9.88	9.43
Long Gov. Bond yield	8.58	8.47	8.53	7.64

N.Y.S.E. ALL COMMON

Rises and Falls

	Oct. 2	Sept. 29	Sept. 28
Issues traded	1,834	1,875	[illegible]

MONTREAL

TORONTO

JOHANNESBURG

MONDAY'S ACTIVE STOCKS

CANADA

GERMANY ◆

TOKYO ¶

Source: Nikko Securities, Tokyo

AUSTRALIA

OSLO

BRAZIL

JOHANNESBURG

Securities Rand U.S.$0.73 (Discount of 36.5%)

SPAIN ♥

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

SWITZERLAND ♦

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

BASE LENDING RATES

A.B.N. Bank	10 %	■ Hambros Bank	10 %
Allied Irish Banks Ltd.	10 %	■ Hill Samuel	§10 %
American Express Bk.	10 %	C. Hoare & Co.	†10 %
Amro Bank	10 %	Julian S. Hodge	11 %
A P Bank Ltd.	10 %	Hongkong & Shanghai	10 %
Henry Ansbacher	10 %	Industrial Bk. of Scot.	10 %
Banco de Bilbao	10 %	Keyser Ullmann	10 %
Bank of Credit & Cmce.	10 %	Knowsley & Co. Ltd.	12 %
Bank of Cyprus	10 %	Lloyds Bank	10 %
Bank of N.S.W.	10 %	London Mercantile	10 %
Banque Belge Ltd.	10 %	Edward Manson & Co.	11½ %
Banque du Rhone	10½ %	Midland Bank	10 %
Barclays Bank	10 %	■ Samuel Montague	10 %
Barnett Christie Ltd.	11 %	■ Morgan Grenfell	10 %
Bremar Holdings Ltd.	11 %	National Westminster	10 %
Brit. Bank of Mid. East	10 %	Norwich General Trust	10 %
■ Brown Shipley	10 %	P. S. Refson & Co.	10 %
Canada Perm't Trust	10 %	Rossminster	10 %
Capitol C & C Fin. Ltd.	10 %	Royal Bk. Canada Trust	10 %
Cayzer Ltd.	10 %	Schlesinger Limited	10 %
Cedar Holdings	10½ %	E. S. Schwab	11½ %
■ Charterhouse Japhet	10 %	Security Trust Co. Ltd.	11 %
Choulartons	10 %	Shenley Trust	11 %
C. E. Coates	10 %	Standard Chartered	10 %
Consolidated Credits	10 %	Trade Dev. Bank	10 %
Co-operative Bank	*10 %	Trustee Savings Bank	10 %
Corinthian Securities	10 %	Twentieth Century Bk.	11 %
Credit Lyonnais	10 %	United Bank of Kuwait	10 %
The Cyprus Popular Bk.	10 %	Whiteaway Laidlaw	10½ %
Duncan Lawrie	10 %	Williams & Glyn's	10 %
Eagil Trust	10 %	Yorkshire Bank	10 %
English Transcont.	11 %		
First Nat. Fin. Corp.	11½ %		
First Nat. Secs. Ltd.	11 %		
■ Antony Gibbs	10 %		
Greyhound Guaranty	10 %		
Grindlays Bank	‡10 %		
■ Guinness Mahon	10 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6¾%, up to £25,000 7¼%, and over £25,000 7½%.
‡ Call deposits over £1,000 7%.
§ Demand and deposits 7¼%.

APPOINTMENTS

Lloyds Bank International

Mr. Eric Whittle, a director and deputy chief executive of LLOYDS BANK INTERNATIONAL, has been appointed chief executive in succession to the late Mr. Dennis Mitchell. Mr. Whittle has spent all his working career in international banking, including a number of senior appointments overseas.

Mr. Brian Pitman has been appointed a director and deputy chief executive of the bank. Mr. Pitman was formerly a joint general manager of Lloyds Bank. In 1976 he was seconded to LBI as an executive director until joining Lloyds Bank group headquarters in March this year.

Mr. Eric Whittle

★

From November 1, Mr. John Goodchap, chief accountant of W. D. AND H. O. WILLS, becomes accounting director. He succeeds Mr. Leslie Rowell, who is retiring as assistant managing director with responsibility for the accounting function. Mr. Brian Cloke joins the company as marketing director. He succeeds Mr. Christopher Cory who has been appointed Wills managing director. Mr. Cloke was previously head of London-based marketing consultancy CGL. He is a former marketing manager and UK sales director for Rothmans International.

★

Mr. Donald Atwood has been named vice-president of GENERAL MOTORS and general manager of the Detroit Diesel Allison division. He succeeds Mr. James Knott, who has retired.

★

Mr. Jeffrey Greenberg has been made manager of aviation for AMERICAN INTERNATIONAL UNDERWRITERS (LONDON). His responsibility will be the London office aviation account and the worldwide (excluding the U.S.) aviation account, produced in local jurisdictions.

★

Mr. G. R. A. Metcalfe has retired from the Board of INITIAL SERVICES, and Mr. H. Lewis and Mr. B. K. Thompson have been appointed executive directors. Mr. Lewis is currently chief executive of the company's linen supply division. The main responsibility of Mr. Thompson is now that of chairman of the company's contract cleaning subsidiary, INITIAL SERVICE CLEANERS.

★

Mr. David Clarke has been appointed an associate director of HANSON TRUST. He was recently made president of HANSON INDUSTRIES INC., the parent company of Hanson Trust's U.S. interests.

★

Following the appointment of Mr. A. W. Trower as chairman of the UK and European print division, the following additional appointments at the MARDON PACKAGING GROUP'S European subsidiaries are announced. Mr. Trower is appointed president directeur general of Imprimeries Debar SA. M. J-L. Debar relinquishes his post as directeur general on his retirement but remains an administrateur and, in view of his long and distinguished service with the company, has been elected president d'honneur. M. J-F. Vignaud is appointed directeur general and administrateur and Messrs. J. Giraudet and Ph. Debar are appointed administrateurs of the company.

Mr. Trower is also appointed president directeur general of Giraudet Emballages SA. Mr. J. H. B. Allan, group financial controller of Mardon Packaging International, is appointed an administrateur of the company.

Mr. J. R. Duncan, chairman of the plastics division, is appointed a director of Mardon Packaging International. Mr. B. Horsfield a group director and chairman of the flexible packaging division retires, and resigns his directorships of Mardon Packaging International and of the companies within the flexible packaging division. Mr. E. H. Webber succeeds Mr. Horsfield as chairman of the flexible packaging division, retaining his responsibilities as group assistant managing director and his directorship of Lawson and Jones. Mr. Trower succeeds Mr. Webber as chairman of the UK and European print division.

★

Extrans Technical Services material suppliers of Winchester and New York, have acquired the total interest of Wilkins and Wilkins, marine and general engineers, Poole, Dorset. Mr. Alan Berrett, a member of the Extrans board, has been appointed managing director of WILKINS AND WILKINS.

★

Mr. G. W. Croker, is to be a director of FENCHURCH GROUP BROKERS INTERNATIONAL: and Mr. R. A. Matthews, is to be a director of CREDIT INSURANCE SERVICES; both members of the Guinness Peat Group.

★

ARTOC BANK AND TRUST has appointed Mr. Robert Sinclair a director and general manager. He was formerly general manager of the Gulf Bank, KSC, Kuwait.

★

McNEILL GROUP has appointed Mr. Graham F. Lacey as chairman and Mr. R. C. McBride as a director.

Distillers Company Board

The Lord Maclean has been appointed to the board of THE DISTILLERS COMPANY.

★

Mr. V. J. E. Davies has been appointed chairman of the board of ATLANTIC COMPUTER LEASING with special responsibility for investment and taxation matters. Mr. J. G. Foulston retains his position as managing director and chief executive with overall responsibility for the group's sales and engineering activities. Mr. R. A. Gibson becomes European sales director. Mr. D. J. Dove has been appointed managing director of the group's industrial leasing company—ATLANTIC LEASING—and assumes responsibility for all the group's leasing activities in fields other than that of IBM Computer Systems leasing. Mr. K. Jeffs has been promoted to operations director for the group's administrative and financial organisation.

Other appointments to the position of executive director, made as a result of the reorganisation, are: Mr. S. P. Mason becomes UK sales director of Atlantic Computer Leasing. Mrs. S. Y. Cheng Kai On has been appointed finance director of Atlantic Computer Leasing and Atlantic Leasing responsible for both the company's financial and accounting affairs. She was previously an auditor with Rowland Nevill.

★

WILSONS BREWERY of Manchester has appointed Mr. Bryan Wilson as production and distribution director.

★

Two new non-executive directors appointed to the board of STENHOUSE INDUSTRIES are: Mr. Norman Macfarlane, chairman and managing director of Macfarlane Group (Clansman), and Mr. R. G. Newberry, director of BAIRD TEXTILE HOLDINGS.

Foseco Minsep chairman

FOSECO MINSEP announces that Mr. Eric Weiss, the founder of Foseco, will retire as chairman on December 31, upon reaching 70, but will remain a director. It is proposed to create the office of president and it is the intention of the Board to appoint Mr. Weiss as life president. Dr. D. V. Atterton will then be appointed chairman of the Group and Mr. A. G. T. Chubb will be appointed group managing director; currently they hold the offices of group managing director and deputy group managing director respectively.

Dr. D. V. Atterton

★

NATIONAL PROVIDENT INSTITUTION has appointed Mr. Denis Parker, manager of the assets division in succession to Mr. M. T. Maurice, who continues as deputy general manager. Mr. Parker, who was investment manager, is succeeded by Mr. W. A. R. Goodsall and Mr. C. J. Holmes, who have been appointed joint investment managers.

★

Midlands-based NEWEY GROUP, manufacturers of pins, haberdashery and other smallware products, announce that Mr. Bryan C. Knight has joined the company as chief executive, and has also been appointed joint deputy chairman. He was managing director of a haberdashery manufacturing company in Italy, which held the agency for William Prym-Werke, of Germany. It was announced recently that Prym had succeeded in its takeover bid for Newey, of which it now owns 99 per cent of the shares.

★

Mr. D. Howard Woodcock has been appointed chairman of the Sheffield-based WOODCOCK travel and freight group, in addition to his role of managing director. He succeeds his father, Mr. Douglas G. Woodcock, who died earlier this year.

★

Mr. Colin Cartwright has been appointed works director of PERCY LANE (ARCHITECTURAL) a subsidiary of Percy Lane Group, the Birmingham-based manufacturers of glazed aluminium windows, entrance doors and screens and curtain walling.

★

Mr. Jason Frangoulis and Mr. Nelson Robertson have each been appointed a deputy general manager of GENERAL ACCIDENT. Mr. Frangoulis will take control of General Accident's newly formed international division. He will also retain control of the company's research and development department. Mr. Robertson's overseas duties will remain largely unchanged, but he will assume wider responsibilities within General Accident's head office management structure.

FARMING AND RAW MATERIALS

Rebuff for Brussels on fish policy

By Our Commodities Staff

A BELATED attempt by the EEC Commission to get the British to think again on its unilateral fish conservation policy has received short [illegible] from the Ministry of Agriculture.

The Commission wrote to the UK ministry at the weekend requesting detailed information on the measures and the scientific evidence on which they are based. It urged that they should not be enforced until it had time to consider the position.

Ministry officials said yesterday that while the information would be supplied there was no intention of delaying operation of the measures, many of which were already in force.

The Commission's move is seen as a response to pressure from the Danes and Irish who are angry respectively at the extension of the Norway pout box (within which industrial or fishmeal [illegible] is banned) and an early end to [illegible] herring season in the British sector of the Irish Sea.

The Ministry said yesterday that the pout box extension started at midnight on Saturday. No Danish or Irish fishing had been reported either in the pout box or Britain's Irish Sea area on Sunday.

World grain crop forecast raised again

ROME, Oct. 2

THE UN Food and Agriculture Organisation has again raised its forecast for world wheat and coarse grain production this year, to 1.14bn tonnes, reports Reuter.

The forecast is 11m tonnes higher than FAO predictions a month ago, and would put 1978 production at 48m tonnes or 4.4 per cent above last year's levels.

Wheat production is forecast at 416m tonnes, almost 8 per cent up on 1977 and 1 per cent higher than the long-term trend, the organisation said in a report based on information available up to September 26.

The increase in forecast wheat and coarse grain production reflects good weather, which has helped spring cereals in the U.S., Western Europe and the USSR, where record or near-record crops are now expected.

There are also reductions in the estimates for some countries, notably wheat production in Canada, the U.S. and Argentina which only partly offset the upward adjustment.

Coarse grains ouput is forecast at 725m tonnes, 18m tonnes more than in 1977.

Aluminium futures debut on Metal Exchange

BY JOHN EDWARDS, COMMODITIES EDITOR

ALUMINIUM FUTURES trading had an encouraging start on the London Metal Exchange yesterday.

Members came from far and wide to be present at what was considered to be an important occasion—the first new contract introduced on the Metal Exchange since silver was relaunched in 1968 and the first time ever aluminium has been traded there, after years of talk.

There was a ripple of applause when the first aluminium trading "ring" ended with a turnover of 2,000 tonnes, especially as it followed some lively pre-market trading.

The market quietened down later with 1,300 lots traded in the second morning "ring" and only 325 in the afternoon sessions.

Prices moved somewhat erratically at first falling to £570 a tonne at one stage in pre-market dealings, but later settling down between £584 and £587 before closing at £585.75 a tonne.

This compares with the present UK aluminium producer price of £710 a tonne for 99.7 grade ingots, delivered. The LME price is for 99.5 per cent grade, ex-warehouse with seller's option.

There were more spectacular price movements on the lead and tin markets. Cash lead jumped by £11 to close at £379.5 a tonne.

The gap between the cash and three months quotations has now been virtually eliminated, reflecting a squeeze on immediately available supplies, although LME warehouse stocks of lead were only 25 tonnes down at a total of 42,275 tonnes. Buying interest for cash lead, however, soon revealed a reluctance to sell.

The market was also given a firm undertone by a series of increases in domestic prices announced by leading U.S. and Canadian producers.

Tin stocks were only 5 tonnes lower at 1,485 tonnes and the Penang market fell over the weekend by SM10 to SM1,850 a tonne. Nevertheless London values rallied strongly, especially the cash price which gained £140 to £7,150 a tonne. The three months quotation gained £90 to £6,937.

After opening slightly lower, buying interest, believed to be covering of past business, quickly moved prices up and the upward trend was accelerated when chart points were reached.

As expected copper stocks in LME warehouses showed the smallest decline for many weeks, falling by only 975 tonnes to a total of 424,050 tonnes.

The market was kept up by speculative buying that offset trade selling and by further U.S. domestic price increases. Copper Range announced a 2 cents rise to 69 cents a lb, while Inspiration put up its price by 1 cent to 68 cents.

Zinc stocks rose by 925 to 73,325 tonnes and LME silver holdings increased by 140,000 to 18,220,000 ounces.

Low key start for sugar market

BY OUR COMMODITIES STAFF

LONDON'S new white sugar futures contract received a low-key launching yesterday. There is some anxiety not to publicise too loudly the fact that they are setting up a rival market to Paris and ruffle the feelings of the French even further.

Turnover on the first day's trading was a lowly 418 lots of 25 tonnes each, well below the 3,116 lots traded on the established raw sugar futures market, but still well above the normal turnover on the Paris market.

London traders are convinced, however, of the need for a viable hedging market to cope with the increased trade in white, refined, sugar. This, they claim has not been provided by the Paris market since its relaunching after the 1974 "scandal."

Meanwhile sentiment remains hopeful on the market that the International Sugar Agreement export quotas will start "biting" next year and force prices above the minimum level of 11 cents a pound.

However, there is some concern over the continued delays in Congress even considering the proposed domestic sugar policy legislation that will have to be cleared before the U.S. can ratify the International Agreement.

It was noted that on Friday the International Sugar Council had to postpone the introduction of the Agreement's stock financing fund for a further three months until January 1 next year.

But President Carter's agreement to accept 15 cents minimum price in the U.S. could help speed up U.S. ratification.

Meanwhile in Rome the UN Food and Agriculture Organisation predicted yesterday that world sugar output will probably decline substantially during the 1978/79 season from its record 92.5m tonnes level in 1977-78.

Carter compromise

BY OUR COMMODITIES STAFF

PRESIDENT CARTER has offered a compromise in an effort to break the deadlock that has prevented U.S. domestic sugar legislation being approved by Congress and stopped ratification of the International Sugar Agreement.

The President confirmed that he would accept the House Ways and Means Sugar Bill which proposes a minimum price of 15 cents a lb for U.S. growers.

This compares with Administration's original proposal of a 13.5 cents minimum price, which was later stepped up to 14.5 cents. Only two weeks ago the White House claimed in a letter to Congress that anything over 14.5 cents was "unnecessarily inflationary."

The President is not prepared to accept the "escalator" clause in the ways and means committee Bill, but will give a commitment to give deficiency payments if U.S. production costs rise above the 15 cents support level.

Commenting on the Bill proposing a 17 cents minimum support price for sugar, to be considered by the Senate today President Carter claimed that beet growers could probably produce sugar for less than 15 cents and even cane producers in Hawaii would find 17 cents to be excessive.

Coffee pact face-saver disappoints

By Richard Mooney

LONDON COFFEE traders were unimpressed yesterday by the complicated compromise formula reached in London late on Friday night at the end of the International Coffee Organisation's three-week negotiating session. They saw the agreement as little more than a face-saving formula.

Having reached a total stand-off on the price levels at which export quota trigger and cut-off prices should be fixed, the Coffee Council agreed that a new International Coffee Organisation executive board meeting should be called if prices moved 15 per cent above or below the average for the 0 days either side of the meeting and stayed outside that range for a further 20 days.

In effect, this means that no further action is likely to be taken until mid-December, and there is no guarantee that anything positive would emerge from any meeting called then.

Acceptable

But this outcome is thought to be quite acceptable both to the producers and the consumers. Neither side is particularly anxious to commit itself to any long-term policy at the moment as there is still considerable uncertainty on the size of many important coffee crops, particularly Brazil's.

By December much of this uncertainty may have been removed and conditions may be more conducive to constructive negotiation.

Sr. Arturo Gomez Jaramillo, general manager of the Colombian National Coffee Growers' Federation, said the failure of the London talks meant that the task of managing the world coffee market "now lies in the hands of producers alone."

But this statement struck little fear into the hearts of the London coffee traders who still remember the much-publicised but totally ineffective producer attempts at organised export restraint which have been mounted in the past few years.

Grain imports

IMPORTS OF cereals into Britain last season were 7.63m tonnes, compared with 8.9m tonnes in 1977-78, the Home Grown Cereals Authority said yesterday.

Wheat purchases were 3.7m tonnes, 1.7m tonnes of which came from the EEC. Barley imports were 420,000 tonnes and maize 3.5m tonnes.

COLOMBIAN AGRICULTURE

Pioneers break new ground in Llanos

BY A CORRESPONDENT

COLOMBIA, Oct. 2.

ALTHOUGH ONLY a small part of the Colombian Amazon territory has been brought into agricultural production so far, the upper Orinoco is rapidly becoming an important area for cattle raising and for some tropical crops.

This region of rolling plains, known as the Llanos, covers a quarter of Colombia and has a population of only 600,000.

Much of the area is virtually uninhabited, but the cattle population is nearing 5m, and the federation of cattle ranchers of the Llanos, Fedellanos, is playing an active part in the development of this long-neglected chunk of the country.

Senor Hector Moreno, manager of Fedellanos, says: "We don't just represent the ranchers, but the whole of the Llanos community. We act as a voice and mediator for a wide range of programmes such as health, radio communications and transport equipment.

"Rather than wait for Government organisations to come to the Llanos, we are setting up civic committees in small towns, and we will make our own demands."

He claims landowners are changing their attitudes towards investment in the region, but that the difficulty of obtaining credit is holding them back.

Settled

Most of the area close to the eastern cordillera is already settled, and as this has the best soils, cultivation is concentrated here. Land prices reflect soil fertility and accessibility, with an acre in the Andean piedmont zone fetching a thousand times as much as an acre in the east near the Venezuelan border.

Despite the many plans for local roads few have materialised, and settlers are dependent on rivers, horses and aircraft for transport—apart from the brief December-March dry season, when tough vehicles can be driven anywhere.

Rice, cotton, maize, cocoa and sorghum are the major crops of the Llanos. A fifth of the country's rice, 15 per cent of cocoa and 12 per cent of maize are grown in the department of Meta alone, where the road network is best developed.

Yields are still relatively low compared with other areas of Colombia, but costs of production are also lower and the national crop growers' associations have only just begun to supply farmers in the Llanos with seed, fertiliser and technical advice.

Agricultural experts are convinced that productivity can be increased enormously, and a Government research centre in the Llanos is experimenting with different crop varieties.

However, the lack of local storage facilities and the difficulty of reaching the national market during the wet season are serious drawbacks.

Because of these problems, farmers further east concentrate mainly on cattle raising, and the animals have to walk long distances to the nearest transport point, losing weight along the way.

More than 70 per cent of the cattle in the Llanos are zebu, and most of them are kept on big ranches of natural pasture. Near the Andean foothills, five acres of land are needed to support one beast, but the ratio rises as high as one beast to 30 acres in the east where a ranch has to cover 12,000 acres to be profitable.

Bogota is the main consumption centre, and about 250,000 head a year—50 per cent of total Llanos production—are taken to the capital. More than 100,000 head a year go over the border to Venezuela, and at least half of these are rustled cattle, smuggled out.

The Colombian authorities find it an impossible task to police a deserted frontier hundreds of miles long, and though Fedellanos itself has been providing personnel and equipment to try to control cattle rustling, contraband is on the increase.

Sr Moreno blames the [illegible]ment for not taking the insecurity problem seriously enough, and points out that if there were better support programmes for colonists, newly arrived migrants would not be so easily persuaded to join the smuggling gangs.

Support

The Colombian Agrarian Reform and Colonisation Institute (INCORA) is giving some colonists land titles, credits and technical assistance, as well as carrying out small-scale education, health and transport projects.

INCORA's programme in Arauca was supported by a U.S.$10m loan from the Inter-American Development Bank, and a second loan of U.S.$20m is being negotiated.

Some experts are concerned that a recent surge of spontaneous colonisation may bring ecological problems for the future. Sr. Paulo Lugari, who directs the Las Gaviotas experimental centre in the Llanos, warns that the plains could become a huge tropical desert if tree belts and vegetation are not protected by settlers. He stresses the need to adapt technology to local conditions.

The future of the Llanos as Colombia's "larder" may be endangered by the ever-increasing uncontrolled settlement, and the destruction of vegetation that goes with it, unless the government shows greater interest in the region.

Austria wins EEC farm trade deal

BY PAUL LENDVAI

VIENNA, October 2.

THE EEC has promised to make substantive concessions to Austria regarding easier access for Austrian farm produce to the Common Market.

Mr. Finn Gundelach, the EEC vice-president and commissioner in charge of agricultural affairs, and Mr Gunter Haiden, the Austrian Minister of Agriculture, said here at the weekend that they reached what they called a "breakthrough" in their talks.

In detail, it involves a promise by the EEC Commissioner that the question of the export of Austrian cattle for breeding will be resolved before the end of the year.

He hinted that subject to approval by the EEC Council of Ministers the new guidelines demanding a double registration of breeding cattle will not come into force.

However, guarantees must be provided that the concessions are granted only in the case of breeding cattle and not cattle for slaughter.

Some progress appears to have been made also on easier access for the exports of Austrian cattle for slaughter.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained ground, mainly under the influence of Comex which was subject to commission house buying. But there has been trade selling into the speculative buying. Forward metal traded [illegible] in the morning between [illegible] and [illegible] but in the afternoon touched a high for the day of [illegible] before closing on the Kerb at [illegible] after a day of modest business. Turnover [illegible] tonnes.

Amalgamated Metal Trading reported [illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	742.5 3	+4.25	744.5 5	-5.5
3 months	762.5	+5	765.5	+7.5
Settlem't	743	+4		
Cathodes				
Cash	730.5 1	+5	752.5 3 5	+5.5
3 months	750 .5 1	-5 5	755 .5	+7
Settlem't	731	+5		
[illegible]	[illegible]		65 66	

TIN—Higher as the market recovered from an initial fall when forward metal [illegible]

LEAD—[illegible]

ZINC—[illegible]

ALUMINIUM—[illegible]

SILVER

[illegible]

COFFEE

[illegible]

GRAINS

LONDON FUTURES (GAFTA)—[illegible]

	WHEAT		BARLEY	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COCOA

[illegible]

COTTON

LIVERPOOL COTTON—[illegible]

JUTE

JUTE MARKET—[illegible]

EEC DAILY IMPORT LEVIES and premiums effective for Oct. 3 in order current levy plus Nov., Dec. and Jan. premiums, with previous in brackets. All in units of account per tonne. Common wheat—[illegible] Durum wheat—[illegible] Rye—[illegible] Barley—[illegible] Oats—[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

WOOL FUTURES

(Pence per kilo)

[illegible]

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on October 2. GB—Cattle [illegible] Scotland: Cattle up [illegible] per cent, average [illegible]; Sheep down 3.6 per cent, average [illegible]; Pigs up 3.8 per cent, average [illegible].

SMITHFIELD [illegible]

COVENT GARDEN [illegible]

PRICE CHANGES

Price in tonnes unless otherwise stated

	Oct. 2 1978	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

[illegible]

REUTERS

	[illegible]	[illegible]	[illegible]	[illegible]
	1500.9	1495.6	1471.3	1502.4

DOW JONES

[illegible]

MOODY'S

[illegible]

LONDON TEA AUCTION. [illegible]

GRIMSBY FISH—[illegible]

SYDNEY GREASY—[illegible]

NEW ZEALAND CROSSBREDS—[illegible]

U.S. Markets

NEW YORK, Oct. 2.

Cocoa—Dec. 187.45 (187.87), March 169.90 (187.10), May 166.15, July 164.35, Sept. 162.37, Dec. 158.85. Sales: 294.

Coffee—"C" Contract—Dec. 131.25 (149.65), March 141.23-141.80 (139.20), May [illegible]

[illegible]

Brazil soya crop forecast

WASHINGTON, Oct. 2.

BRAZILIAN FARMERS' planting plans show a 1979 soyabean crop of 13.4m tonnes against a USDA estimate of 9.5m tonnes this year, the U.S. Agriculture Department said.

In a field report from Sao Paulo, it said this would mean a 1979-80 crush of 10.0m tonnes, up 1.9m with 2 to 2.5m for export.

FINANCIAL TIMES SURVEY
Tuesday October 3 1978

World Nuclear Industries

This Survey, which coincides with the fifth Nuclex nuclear industries exhibition and congress in Basle, Switzerland, finds the international nuclear manufacturing industry and its customers cautiously emerging from several years of intense political hostility and public scrutiny.

Facing up to the strain

By David Fishlock
Science Editor

THE THREE years since the last Nuclex nuclear industries exhibition and congress in Basle have not been happy ones for nuclear power and its advocates. They have been years in which events and accidents so trivial that in other industries they would barely rate a mention in local papers have been blazoned across the front pages of the national Press. They have been years in which politicians worldwide, apparently unable to cope with the central problems for which they asked to be elected — economic stability, employment, security, etc.—have often found nuclear power a convenient butt with which to distract the electors. And the last year has been one in which the world's most conspicuous advocate of nuclear power has been obliged to stay silent while those opposed to the industry monopolised the news.

Dr. James Schlesinger, one-time chairman of the U.S. Atomic Energy Commission and now U.S. Secretary for Energy, appears to have lost touch with President Carter, whose controversial energy policy he is trying to implement. He is no longer a confidant of Mr. Carter; no longer part of the inner circle of White House advisers. His critics accuse him of failing to "master the subtleties of political trench warfare." His friends say that the national energy plan he has been given the task of implementing is too complex a compromise, seeking to satisfy too many constituencies: that it "endeavours to substitute political perceptions of reality for reality itself; that it avoids expertise because of the currently fashionable view that expertise by its very nature is contaminated and corrupt. . ."

The Washington situation has a curious parallel in Whitehall where Mr. Anthony Wedgwood Benn, as Secretary for Energy, presides over the complacent *pot pourri* which passes for the Government's energy policy. Here, however, the result has tended to be a back seat for energy—and nuclear energy especially—which has remained of secondary political importance through a period when almost every other industrialised nation was bringing it to the forefront of politics.

Small wonder, then, the nuclear chiefs of the two nations which pioneered commercial nuclear energy should look so enviously towards nations which have recognised that, in the national interest, nuclear energy's problems demand wholehearted political support. France, W. Germany, Spain, Italy, Belgium, Japan, among the industrialised nations, have all decided to forge ahead. Their decisions betoken considerable political courage because a groundswell of opposition initiated in the U.S. in the 1960s has been co-ordinated into an international political activity, fast-moving, ruthless, terrifying to the more timorous political leaders.

The Windscale Inquiry, called by Britain's political leaders when the going began to get rough in 1976, demonstrated conclusively that the nuclear opposition was founded on emotional objections which opponents strove to justify on an astonishingly wide variety of grounds—international security public hazard; economics, employment patterns, etc. Several overseas witnesses were among the 84 called by opponents (compared with 57 representing the company and the government) of the proposed new project for reprocessing spent nuclear fuel. The Inspector, Mr. Justice Parker, isolated 17 different objections and rejected every one. The reprocessing project, he recommended, should proceed "without delay."* The British Parliament subsequently endorsed his recommendation with two clear votes in favour.

The inquiry, to quote one senior civil servant who appeared as a witness, was a "searing experience" for Whitehall, for which no previous appearances before Parliamentary select committees, for instance, had prepared officials. Witnesses appearing in defence of the project were taken aback by what they saw as the cynical opportunism of opponents in place of any coherent line of objection. The Inspector took a judicial view of the proceedings and had no hesitation, for example, in reprimanding witnesses for repetition and, in his report, for what he judged to be wilful attempts to mislead him.

The strongest argument presented against the Windscale reprocessing project—in that it drew moral support from the U.S. Government which, before and even after the inquiry, tried to persuade Britain to abandon the project—was that it would heighten the risks of nuclear weapon proliferation. But the British Government is not alone in concluding that the Carter Administration, in attempting to condemn present-day reprocessing practice and the separation of pure plutonium as the root problem of proliferation, is taking an essentially parochial and wholly unrealistic view of international energy supply problems. Belgium, France, W. Germany and Japan, in addition to Britain, all intend to proceed with national reprocessing plants. Except for Belgium—whose reprocessing plant at Mol, lately acquired from Eurochemic, is being refurbished — all are currently separating pure plutonium. Austria, Spain, Sweden—all with strong national opposition to nuclear energy—are among W. European nations willing to have their spent fuel reprocessed by other nations, in spite of U.S. threats that it might not be prepared to grant MB 10 licences for the retransfer of fuel it originally enriched.

In July President Carter's emissary on proliferation policy arrived in London with a new brief. He came in frankly conciliatory mood, to explore with top nuclear industry and government officials the possibilities for an "accommodation" between U.S. policy and the energy security of its allies. Could something be salvaged of a policy in which the President and his emissary, Dr. Joseph Nye of the State Department, still believe fervently?

GROWING WORLD DEPENDENCE ON NUCLEAR ELECTRICITY

	(% nuclear electricty) 1976	1977	1980
Belgium	21	22.4	—
Sweden	18	21.7	24.5
Switzerland	18	16.8	—
France	—	13.4	26
Britain	13	13.14*	—
W. Germany	—	11.0	—
United States	—	12.0	—
Bulgaria	—	—	20

* DOE estimate
Source: Atomic Industrial Forum

Need

Dr. Nye stressed that the U.S. government is not opposed to nuclear power. He said he believes that the U.S. could have 320,000 MW of nuclear power operating by the end of the century (compared with 51,361 MW in operation today, and another 97,310 MW under construction). His government accepted that, by the year 2000, nuclear energy could account for as much as 15 per cent of total U.S. energy consumption. In Europe and Japan it could be as high as 25 per cent.

Dr. Nye said his government now recognised that some countries saw a more pressing need to perfect the commercial fast breeder reactor than did the U.S. at present. But he urged all to "strive for a situation in which nations can place different long-term energy bets without jeopardising each other's national security interests. We ask those who bet on breeders to include security costs which they impose on others, particularly safe fuel cycles, in their economic calculations."

He spelled out four points his government particularly wished other countries pursuing the commercial fast breeder reactor to observe:—

- To avoid the temptation to try to reduce unit capital costs by "premature" exports, and to restrict the FBR's use to situations where it showed "compelling advantages."
- To so design its fuel cycle as to make "misuse" of plutonium difficult and time-consuming, even though this might increase its electricity costs.
- To minimise movements of plutonium fuel.
- To organise multi-national institutions to safeguard FBRs against proliferation.

Governments are today sufficiently well alerted to the dangers of proliferation for the nations pioneering FBR development — France, W. Germany, Italy, USSR, UK, Japan—to have little difficulty in accepting constraints along these lines. Already, for example, the three partners in United Reprocessors—Britain, France and W. Germany—have undertaken not to export Purex reprocessing technology pooled by the nuclear club, just as the two European enrichment clubs, Urenco and Eurodif, have undertaken not to part with their technology to other nations, even if those other nations are recruited in joint ventures. Britain and the U.S. have jointly worked out the Civex concept for placing the fuel cycle under much tighter safeguards in the future. Even the apparent restrictiveness of the first of Dr. Nye's four points fades rapidly when one considers how few nations could accommodate on their electricity system a plant of the size and complexity currently contemplated for commercial FBRs.

It has been authoritatively intimated, however, that the U.S. Government's focus of concern has shifted from the FBR—on the development of which it has been able to exert so little influence—to the recycling of plutonium through light water reactors. This is technology to which it is still firmly opposed. If this is so, the most persuasive argument against a technology which nowadays is recognised as having, at best, marginal economic advantage rests squarely with the U.S. itself. It must show convincingly that what today are little more than assertions that there will be ample low-priced uranium fuel to support a very large world expansion of nuclear power can in fact be substantiated convincingly to those countries—such as West Germany—most interested in recycling plutonium.

* *The Windscale Inquiry, 1978, HMSO, £3.75.*

U.K. in the doldrums

TWO VIEWS, *apparently* sharply in contrast, can be presented today on the state of the nuclear industry in Britain. One is that, basically, all is well now that certain decisions—such as Government approval for the Windscale reprocessing project and for the construction of new nuclear stations—have been taken. What remains to be done is essentially some cosmetic surgery to improve the reactor design and construction industry's performance.

The other view is that the problems of the industry's performance lie much more than *skin-deep. They are profound* enough to prevent any renaissance of the UK industry's fortunes as promised by demand forecasts for nuclear power and services. They require radical surgery if the industry is to survive.

The more sanguine view is represented publicly by Sir John Hill, the Government's chief nuclear adviser. He can point to the way the industry *has been subjected to the most* searching public examination any industry has ever been asked to undergo, in order to justify its plans for one new project, and that this inquiry elicited from the Inspector the unequivocal conclusion that the project should proceed "without delay."

He can point to the performance of the two wholly state-owned nuclear companies: British Nuclear Fuels, with record pre-tax profits of £11m last year, and which more than doubled its export earnings, to £23.2m, *out of total earnings of £161m;* and the Radiochemical Centre, marketing radioactivity, which also announced record profits, *£6.7m on sales of £32.7m*, and a return on capital of 33 per cent—at the upper end of UK industrial performance. "These results show that in the right circumstances the industry can produce a good return on investment and contribute valuable overseas earnings."

Sir John can point to the performance of the nuclear power stations already in operation, for which the electricity supply industry estimates a cost advantage over fossil-fuel stations of 35 per cent against coal, and 50 per cent against oil (based on historical costs). He can point to the performance of the UK Atomic Energy Authority's 250 MW prototype fast reactor at *Dounreay*, which this *summer* has been running at about 90 per cent of full power, and which for availability has averaged 72 per cent since 1974 "and well over 90 per cent over the *last 20 months*." He can report, as he did in his annual statement on the health of the nuclear programme in Britain to the International Atomic Energy Agency last month, that Britain almost alone in the world is making good progress in two advanced technologies *for the nuclear industry:* closing the fuel cycle for commercial fast reactor fuel, with a new reprocessing facility now being commissioned at Dounreay; and dismantling highly radioactive reactors, with preliminary forays into the experimental Dounreay fast reactor.

The industry has had its problems, Sir John acknowledged publicly last month, "but has fully justified the *faith and hopes of the pioneers* as the cheapest, cleanest and safest form of electricity generation." He had no doubt, he continued, that "the next 25 years will see nuclear power as the dominant form of electricity generation in this country, that fast reactors will be introduced on a commercial scale, and that the waste question will be resolved."

Construction

A more cynical view is taken by some—probably most—of the *nuclear industry's leaders. Their* point is that nuclear reactor construction has no future in Britain the way it is organised and *managed at present*. They point to the three nuclear stations under construction in England, completion dates for which have been receding roughly 12 months for each year that passes. They point to the complete failure of the heavy electrical plant industry to "rationalise" its resources into single strong units, in response to the diminished demand, as the Cabinet Office "think tank" report recommended *last year*, so that there are still ostensibly competing companies making turbogenerators, boilers, and even *nuclear reactors*.

They point to the failure of central government — in the shape of the Secretary for Energy — *to show any apparent sympathy* for the delays in nuclear construction, or for the intrinsically long lead time of *energy projects. They hear only* that he believes all could be solved by an industrial reorgan*isation to produce what he calls* a "BP solution" — a 51 per cent state shareholding in the National Nuclear Corporation, where today it is 35 per cent. (On the other hand, the industry's hint that the state should take 100 per cent has also been ignored by Mr. Anthony Wedgwood Benn, who recognises that a plan to nationalise another ailing industry would get short shrift from his Cabinet colleagues at this crucial time in the Labour Government's *life*.) Some, however, fear above all that under the guise of assisting the industry he will attempt to foist upon it, in influential positions, new executives whose reputations are founded wholly on public criticism of the industry's activities and of the personal integrity of its leaders — no matter how often those criticisms may have been discredited or demolished — under *the pretext of helping to restore* public confidence. This has already happened in the U.S., with disastrous consequences for morale and for progress.

At the heart of the problem is the position of the UK electricity supply industry, prime customer for the nuclear industry's plants. The industry, in the shape of the Central Electricity Generating Board, is in conflict with Government policy in that it does not share the government's long-term faith in domestic coal, but is unequivocal in its enthusiasm *for nuclear power, irrespective* of reactor choice. The first corporate plan of the CEGB to be produced by the new Board led by *Mr. Glyn England, this* summer, states bluntly: "In all scenarios studied by the Board, nuclear power proves to be the most economic choice for electricity generation at high load factor, and its cost in real terms is likely to increase fairly slowly over time."

The CEGB's *over-riding* problem is that projects exhibit in in its worst form the problem now suffered with all large-site construction in Britain. Productivity at large sites is appallingly low and still declining, the CEGB reports. Estimated completion dates for the three 1,250 MW nuclear stations under construction have slipped another year in the past year, to the period 1981-82. But Dinorvic, a 1,800 MW pumped storage project "the technology of which is well established and proven," begun in 1974 as a five-year project, is not now expected to be finished before 1983. Three oil-fired stations under construction are expected to take 8-9 years to complete.

The corporate plan puts some of the *blame* on "inconsistencies in pay between different trades and employers, and varying annual salary review dates." But the Board has resigned itself to the fact that there is little which can be done to improve matters at its seven existing big construction sites. It is putting *its faith in* the future; in common national agreements for all labour employed on site for its new *projects*, and in better project management from its contractors.

The new nuclear power station projects under discussion in Britain are two 1,300 MW advanced gas-cooled (AGR) stations, planned for Heysham in Lancashire and Torness in *Scotland; a 1,200 MW pres*surised water reactor (PWR) station planned for an undisclosed site in England (probably Sizewell); and a 1,300 MW first commercial fast breeder reactor (CFR 1), for a site still to be chosen, somewhere in Britain.

Design

The status of these three projects differs. With the AGRs, *design work is proceeding* slowly with the aim of agreeing between the CEGB, the South of Scotland Electricity Board, and the Nuclear Power Company—operating arm of the National Nuclear Corporation—a single design of AGR Mark 2, for construction to begin on the two sites in 1980. With the PWR, the CEGB hopes to choose before the end of this year between four foreign vendors—U.S. Babcock and Wilcox, Combustion Engineering, Kraftwerk Union and Westinghouse—with a fifth possibility of the indus*try designing its own "hybrid"* British PWR by adopting featues from more than one vendor.

For CFR 1, the electricity supply industry and the UK Atomic Energy Authority are still trying to draft a plan of *action they hope might be* given the Government's clear approval. This approval is seen as the *sine qua non* for the next steps of seeking *foreign* participation and planning approval for the projects. Sir John Hill has indicated that the industry will not be ready to put its CFR 1 plans to public inquiry before the end of 1979. Mr. Peter Shore, Secretary for the Environment, has since indicated that he will want to see a preliminary investigation "to assess the background and need" before embarking upon *a formal public inquiry of the* Windscale kind. Such an investigation, by a commission, could permit the government to put forward much more background data on the necessity—as it sees it—for the project than was possible at the Windscale Inquiry. (At Windscale, *those in favour put forward* only half the number of documents of the objectors.)

One matter upon which the electricity supply industry and its nuclear suppliers are firmly agreed is that the present management structure of its nuclear contractor is unsatis*factory for the successful execu*tion of the new projects. It does not satisfy its customer, the electricity supply industry, which complains that every decision of the Nuclear Power Company must now be referred to its parent Board of the National Nuclear Corporation and the supervisory management exercised by GEC. It does not satisfy GEC, 30 per cent shareholders and supervisory managers, which finds both its management style and its clear preference for the PWR resented by other shareholders.

It does not satisfy the other *six private-sector* shareholders, known collectively as British Nuclear Associates which consider themselves disenfranchised in the present structure—"no rights at all," as Mr. John King, chairman of Babcock and *Wilcox, says bluntly.*

The industry appears to agree broadly upon the basic ingredients of a new structure: a single Board reigning over a unified design and construction company; a majority shareholding retained by the private sector (the dominant portion of which would presumably still be held by GEC); top management greatly strengthened in project experience; and clearly defined demarcation between its role and that of the design team of the CEGB. Cast into a simple plan for action, and a component of the Government's industrial strategy, and laid before the Prime Minister himself by way of the Cabinet Office, such proposals could yet win the attention of Government in the way another advanced technology — microprocessor "chips"—has done in Britain this summer.

David Fishlock

Rays of hope in U.S.

NUCLEAR POWER was already *in trouble when Mr. Jimmy* Carter was elected President of the U.S. But since then it has been in considerably worse shape.

The woes of the nuclear industry in the U.S. go back to the late 1960s and early 1970s *when an embryonic opposition* began the apparently hopeless task of trying to stop the use of nuclear power for electric generation. In the intervening years, the movement has succeeded to such an extent that even the President is an opponent of some aspects of the industry and a lukewarm supporter, at best, of others.

However, it is an over-simplification to suggest that all of the nuclear industry's problems have been brought about by the anti-nuclear movement. The biggest arises from changed patterns of energy consumption and wildly disoriented long-range load-forecasting. These factors have abetted the anti-nuclear *movement to such an* extent that the U.S. nuclear industry today is surviving only by working off a huge book of back orders. Not a single new nuclear unit has been ordered this year, whereas four have been cancelled and 23 have been deferred by their prospective customers.

The industry is embattled and gloomy, but it takes confidence in the thought that eventually *the nation will* recognise that it has no alternative but to turn back to nuclear power, for very sound reasons—as the most environmentally acceptable, the cheapest and the safest means of generating electricity on a massive scale. There are enough nuclear reactors already operating and in hand to ensure the survival of the industry through the lean years, it is argued.

Ironically enough, it may be *the problems of coal that will* usher in a new nuclear era in the U.S. Tough environmental laws affecting open-cast mining, punitive clean-air standards, and a growing debate over the consequences of carbon dioxide in the atmosphere are the strongest indicators that, in a *reappraisal, nuclear power* may be seen to be more advantageous than its one serious competitor.

For all of its problems, the nuclear base in the U.S. is fairly sound. According to the Atomic Industrial Forum, the industry's trade association, 71 units have operating licences, representing 51,361 MW of electricity generating capacity. Another *89 plants* have construction permits—97,310 MW of capacity. Six more plants have limited work authorisations (a pre-*construction* permit licence enabling site clearance to begin); and 38 more plants are on order, representing a potential *increase in* nuclear capacity of 43,715 MW.

Of a total generating capacity in the U.S. of 556,883 MW nuclear power *accounts for* 9.5 per cent—a sufficiently substantial amount of electricity to suggest that even the wildest political pressure could not close down an operating plant unless there were technical reasons for revoking its licence. Of course, the plants are widely scattered but some areas—such as the state of Connecticut and the city of Chicago—already draw more than half of their electricity from nuclear plant.

Potential

Why nuclear power is seen today as the "option of last resort" is an enigma. Certainly, on the surface, it outdistances other advanced technology on almost every count: environmentally, in reliability, in cost, and in its potential for further development. Yet opposition to nuclear power is emotional, deep-seated and widespread. The industry has traditionally tended to brush off its critics as a lunatic fringe not worthy of serious consideration. But legislators and others who sample the political waters have taken it seriously and have, if anything, tended to cultivate the anti-nuclear constituency. The best illustration of the *emotional quotient* in the assault on nuclear power has been the diversity of issues that have been raised over the years. These include the effects of low-level radiation; the integrity of reactor pressure vessels; emergency core cooling (the system by which a jet of water is released on to the core during a nuclear accident in a light-water reactor of U.S. design); high capital costs; terrorism; security from seismic *upheaval*, production techniques and materials quality; waste disposal; and proliferation resistance.

Of this litany of real or imagined faults, it seems to me that only two have merit in light of the extraordinary thoroughness with which nuclear power has been studied in the U.S. They are waste disposal and proliferation. To neither of them is there a quick, clean solution. In fact, in the disposing of waste, the opponents of nuclear power appear to be determined to perpetuate uncertainty by resisting any government plan for burial. So *long as there is no permanent* repository for high-level wastes, nuclear power can be presented as threatening the public. The *fact that most radio-active waste* in the U.S. arises from the military nuclear activities, and that these have to be disposed of in any case, does not diminish the ardour of those determined to advertise civilian nuclear power as the real threat to future generations.

Likewise, confusion abounds on the issue of proliferation. Opponents of nuclear power widely advertise power reactors as potential "bomb factories" because plutonium is a by-product of their operation. There is a wave of emotionalism which argues that if the U.S. took a lead in banning civilian nuclear power, it would somehow restrict the spread of weapons around the world. More conservative American politicians and the nuclear industry itself maintain that almost the reverse would obtain: that hesitancy on the part of the U.S. in supplying the technology, enriched fuel and reprocessing it once promised to make freely available under its "Atoms for Peace" programme will push other nations into a stage of advanced nuclear sophistication and the threshold of weapons more quickly. This happened, of course, with Britain and France when the U.S. withheld its assistance after the Second *World War.*

Traditionally, both political parties in the U.S. and every president since General Dwight Eisenhower have supported *nuclear power* in the belief that it is the technology of the future and that it offers the nation a way out of declining *fossil-fuel reserves into a highly* electrified economy. The first break in that confident executive chain has come with Mr. Carter, whose sense of political constituency is enormous. Perhaps the President's sense of the constituencies that make up the American voting public is so highly tuned, *so finely* sensitive that it shows the difference between the public's desires and its needs. In many areas of government, the President has resolved this conflict with a kind of purposeful ambiguity. Nuclear power is an example. The President has delayed the construction of a big fast breeder reactor at Clinch River and allowed himself to become locked in a fierce conflict with key members of Congress over the issue. He also has resolutely turned his back on the reprocessing of spent fuel and endeavoured to persuade America's allies to do likewise, *in spite of their strongest objec*tions to the logic of his case.

The effect of this ambiguity on the nuclear industry's morale has been shattering, and at the same time it has given tremendous credibility to the idea that nuclear power is evil but possibly necessary. U.S. nuclear opponents constantly tell the public that, yes, it is evil and no, it is not necessary—because *solar* energy can do the job instead. The President is not of the opinion that solar can do the job. But he does little to correct the *misapprehension.*

The ambiguous attitude of the President and his administration was clearly illustrated in a recent speech by the Deputy Secretary for Energy, Mr. John O'Leary, at the opening of the Three Mile Island nuclear plant *in Pennsylvania.* "We've come a long way from the sword-to-ploughshare days of Eisenhower to the time now when many people regard nuclear as evil. We were taking on faith the bona fides of nuclear power, but we weren't taking everything into account. The back end of the *fuel* cycle was ignored. We were taking wastes without any clear, crisp idea of what to do with them. We were denying the *possibility of class nine* accidents — the euphemism for a very devastating accident?—is thinkable, in fact."

Mr. O'Leary then outlined a strategy to "bring back nuclear" which consisted of recommending an "international political régime" to deal with prolifera*tion; a resolution of the waste* disposal issue; and licensing reform. But true to the traditions of this administration, he added a caveat which left the nuclear people feeling that the administration, even when advocating nuclear power, is at the same time pulling its *punches. He went on:* "If the waste problem is really a problem for the next 20 generations, then let's kill it; but if it is benign relative to the other options we have, let's not throw

CONTINUED ON PAGE IV

Reprocessing projects

ALMOST ANY country in Europe—and for that matter, many throughout the world—could without too much difficulty build a reprocessing plant which would separate uranium and plutonium from radioactive fission products in spent nuclear fuel. The basic technology was published at the time of the first Geneva conference on the peaceful uses of atomic energy in 1955. From the earliest days of civil nuclear development in Europe reprocessing was seen as an essential requirement, and most countries have included research and development in this area in their national nuclear programmes.

In addition, national and commercial interests from 13 countries have participated in one of the first major international collaborative projects in Europe: the Eurochemic reprocessing plant at Mol in Belgium, operated from 1966 to 1974, with a nominal capacity of 60 tonnes per year. The Italians commissioned a pilot plant, Eurex 1, with a capacity of 10 tonnes per year in 1969; and the West Germans have been operating the WAK pilot plant with a capacity of 40 tonnes per year since 1970.

The problem today, therefore, is not one of basic reprocessing technology. It is the need to take advantage of economies of scale; for large commercial installations with capacities of around 1,000 tonnes per year, which can be operated at high efficiency for 10-15 years while key sections of the plant remain inaccessible for maintenance owing to high levels of radioactivity.

The situation has been complicated by the ever more stringent safety standards imposed on all civil nuclear installations, by changing ideas about financing and commercial contracting for special services in the nuclear field, and by the greatly intensified environmental and political controversy surrounding the whole subject of reprocessing.

Military

Britain and France clearly have a head start in reprocessing on a commercial scale. Not only did they acquire experience from military reprocessing activities at Windscale in the UK and Marcoule in France, but they also had to meet an early large-volume requirement for the reprocessing of natural uranium (metal) spent fuel from the first-generation Magnox reactors. Spent fuel from these reactors has to be reprocessed fairly quickly after discharge from the reactors. Plants at Windscale (with a capacity of 1,500 tonnes per year) and La Hague (with a capacity of 800 tonnes per year) have been operated since 1964 and 1966, respectively, to meet civil requirements in the two countries. In the 1970s, state-owned but commercially structured companies — British Nuclear Fuels (BNFL) and Cogema in France—have also been established to operate and sell special nuclear fuel cycle services, including reprocessing.

Windscale—BNFL is currently engaged on a massive refurbishing and expansion programme, which could eventually cost more than £1bn at its Windscale factory. These ambitious plans, conceived in the mid-1970s when it became clear that there was going to be a worldwide shortage of commercial reprocessing capacity rather than the surplus predicted at the beginning of the decade, provide a good illustration of the difficulties facing the commercial reprocessor today. Part of the plan, concerned with the construction of a new 1,200 tonnes per year thermal oxide reprocessing plant (THORP) to deal with oxide spent fuel from British AGR power stations and from light water reactors in other countries, has been subjected to an exhaustive public inquiry. Although the final outcome has been satisfactory for BNFL, it has probably put back the starting date for the plant by at least two years, to 1987.

The more urgent part of the BNFL expansion plan is, however, the refurbishment of facilities for reprocessing Magnox fuel, and this work has not been impeded by the public inquiry. Magnox fuel can be held in storage ponds only for a few months before corrosion threatens the integrity of the cladding. Smooth and reliable operation of the reprocessing plant at Windscale is therefore a vital service for the Magnox power stations, which are providing some 13 per cent of the UK's electricity at the lowest cost.

The main chemical separation part of the plant, which uses the well-established Purex solvent extraction process, has operated since 1974 in a purpose-built building. There is every expectation that it will continue to function reliably for a good many more years. But a potential bottleneck is the decanning operation in which the Magnox cladding is stripped off the metal fuel before it is dissolved in nitric acid for feeding into the chemical separation plant.

Steelwork is now rising for a huge new building, 270m long by 80m wide and 35m high, on a site between the Calder Hall power station and the Windscale complex. It will house three large new storage ponds, each 45m by 20m and 7m deep; three reception cells for the unloading and cleaning of the heavy transport flasks; and three new decanning facilities.

Many features highlight the very greatly increased standards of safety now called for. The huge concrete pools, for example, are being built on hundreds of pedestals so that there is a space below the ponds where any seepage of the water would be detected.

Less visible, but certainly very important in the general upgrading of the existing Windscale reprocessing facilities and the future expansion, is detailed attention to the management of radioactive waste materials. A sizeable programme of work is in hand for the treatment and handling of waste materials at all levels from the small volumes of highly-active fission products—isolation of which is one of the primary objectives of reprocessing—to larger volumes of slightly contaminated liquid which arise at various stages in the chemical processing complex. This low-level waste can, within carefully prescribed limits, be discharged to the sea.

An important point made by BNFL at the Windscale inquiry was the intention to keep the low-level discharges within—and probably well below—the present authorised limits, even though the total volume of fuel being reprocessed will be greatly increased with THORP. In practice this undertaking means that painstaking, and often quite expensive, measures must be applied to all process streams to ensure that as far as possible radioactive materials are removed and concentrated, or that liquids with low levels of contamination are recycled within the process plant.

For the high-level wastes there is a programme of construction of the very high integrity stainless steel storage tanks in which wastes will be held as a liquid for an interim period of ten or more years, to allow further decay and concentration before solidification. The important thing with these tanks is to ensure that there is always an adequate margin of spare capacity to cope with the new arisings and to allow transfer from a leaking tank in the (unlikely) event of a leak occurring. The present position is that all the waste material from the military and civil reprocessing activities at Windscale is contained in 14 tanks. Two more are on standby, two are being installed, and a further six are planned.

Detailed design work is now more or less complete on a pilot plant for the solidification of high-level wastes. Construction, at Windscale, should start next year with operation scheduled for 1981. As with reprocessing itself the basic technology for vitrification is well established, both from work in the UK and, through a very free exchange of information, from around the world. The main problem now is the design and testing of reliable and flexible systems for remote preparation of liquids of different chemical composition and radioactive content for feeding, with glass-making components, into a vitrification furnace. The Windscale pilot plant is designed to provide the maximum amount of experience in this field. It will be able to handle anything from fast reactor waste material which has had as little as six months' cooling to Magnox reactor wastes which have had 10-20 years' cooling.

Initial site clearance work for THORP should start early next year. The first construction work will be the building of five large storage ponds to provide a capacity for around 3,000 tonnes of oxide spent fuel, with one pond on standby. These ponds should be available for the receipt of spent fuel by 1984.

The BNFL team designing THORP includes a number of chemical engineers who have been involved in the building of four reprocessing plants—the early military plant and the Magnox plant at Windscale, and two plants for fast reactor fuel at Dounreay. Important considerations in an oxide plant—applicable also to the fast reactor reprocessing plants—include: 1, the need to filter out fine solid matter after the initial dissolving of the spent fuel in nitric acid; 2, the need in the early stages of solvent extraction to minimise the contact time between the highly active solution and the organic solvent, which can suffer some degradation due to radiation; and 3, the need to make provision for the higher concentration of plutonium in the process streams.

A French design of rotary filter will be used to achieve the first of these objectives. Pulsed columns, well-proven in smaller plants around the world, will be used instead of mixer settlers in the initial separation stages of the plant to minimise contact time. Solid neutron absorbers in the pulsed columns are among the measures that will be used to prevent criticality.

Requirement

La Hague — Initially the nuclear programme in France paralleled very closely that in the UK. But the turn of events in recent years means that Cogema expects to be leading the world in the commercial reprocessing of oxide fuel during the early and mid-1980s. France has a smaller requirement for the reprocessing of Magnox fuel but a substantially larger requirement for the reprocessing of oxide fuel in the next decade or so. The French have been able to follow through at La Hague a scheme to introduce oxide fuel into the existing natural uranium plant by the addition of an oxide head-end. In addition the refurbished military plant at Marcoule can eventually take over virtually all of the requirement for natural uranium reprocessing so that the La Hague plant, with its oxide head-end, can make a phased transition to oxide reprocessing. This will be followed by the building of an entirely new plant at La Hague; more precisely, two identical plants providing a degree of back-up for each other. The total capacity of this UP3 plant will be 1,600 tonnes per year. Originally UP3 was scheduled to follow closely behind THORP. It will probably precede THORP by a year or two.

The present situation is that the oxide head-end plant, with a nominal capacity of 400 tonnes per year, has sucessfully completed two test runs with fuel from a boiling water reactor and from a pressurised water reactor, as required by the licensing authorities. Cogema now hopes to start commercial operations with the plant before the end of this year. Alternate campaigns of oxide fuel and Magnox fuel are anticipated until a duplicate head-end plant is brought into operation around 1984.

By 1986 the first half of UP3 should be available and will be assigned to reprocessing for foreign customers. The second half will be brought in two or three years later to meet the increasing domestic requirements. Like BNFL, Cogema is pressing ahead with the construction of storage ponds so that they can receive the spent fuel which they are contracted to handle ahead of the completion of the reprocessing plant.

Gorleben—For a variety of reasons the Germans have fallen some way behind the British and French in the provision of commercial reprocessing services in support of their large nuclear power programme. On an interim basis they will in fact be obtaining reprocessing services from Cogema, and perhaps also from BNFL. But through the tripartite company, United Reprocessors (URG), they are in a position to benefit from the British and French experience while at the same time contributing valuable technical experience from the WAK pilot plant. In addition they have unique experience from trial disposal of radioactive waste in a disused salt mine at Asse.

Planning is in hand to build a large integrated reprocessing and waste disposal centre on a greenfield site at Gorleben in Lower Saxony. The complex will include 1, storage ponds for the receipt of the spent fuel—to be ready, it is hoped, by 1985; 2, a reprocessing plant with a capacity of 1,400 tonnes per year, which will handle all the German requirements into the 1990s; 3, plants for the processing of the recycled uranium and plutonium fuel; 4, plants for the treatment and solidification of wastes; and 5, a waste repository in the large stable salt formation below the site.

In the absence of interest from the German chemical industry the country's electric utilities have formed a joint company, the German Company for Reprocessing of Nuclear Fuel (DWK), which will undertake the overall management of this giant project.

In terms of overall time and total cost the Gorleben project will be one of the longest and most expensive ever undertaken in Germany. It is likely to be 1993 or 1994 before the final stage is complete. At 1976 prices the preliminary estimates of cost was around DM 4bn (£1bn). This excludes the purchase of land and the cost of the sinking of the mine for the waste repository, which will be met by the Federal Government and could amount to a further DM 1.5bn. Considering likely inflation and interest charges during the extended timescale of this project the total amount of investment which will eventually have to be raised by the commercial interests involved could be between be between DM 10bn and DM 15bn (£2.5bn-£3.7bn).

However, even if this cost, which is probably the highest of the three major commercial reprocessing enterprises in Europe, is translated into as a direct charge on the cost of generating electricity from nuclear power it would only be of the order of 0.6 Pf (0.15p) per kWh. This charge, which ignores the possible credit from the recycle of uranium and plutonium, might be compared with recent German estimates of the charge attributable to sulphur removal plant in coal-fired power plants, which is put at 2.5 Pf (0.63p) per kWh.

Simon Rippon
Europenn Editor, Nuclear News

Europe's exporters take the lead

ONLY TWO of the 29 nuclear reactor orders expected to be confirmed this year in seven countries outside the U.S. will go to U.S. nuclear manufacturers. These are two more plants for S. Korea, from Westinghouse Electric. The other 27 will go to European and Canadian companies, according to the Fifth Annual International Survey by the U.S. Atomic Industrial Forum (AIF) this summer.

AIF figures show that 14 of these 29 reactors will be exports. The countries where the orders are expected this year are: France 4 (Cruas 1 and 2 and Paluel 3, already ordered, and St. Maurice; all with Framatome); West Germany 3 (Neupotz, from Babcock-Brown Boveri Reaktorbau and Vahnum A and B from Kraftwerk Union, although the companies hold little hope of signing contracts before the year is out); Iran 8 (four from France and four from W. Germany); Italy 4; Korea 2 (already ordered from Westinghouse); Romania 4 (from Atomic Energy of Canada); and Britain 4 (Heysham 3 and 4 and Torness 1 and 2, all from the Nuclear Power Company; the British position is examined more fully on p.II). AIF figures do not include two additional 600 MW Candu reactors from Canada to Romania, thought to be too speculative.

Calculation

A quick calculation reveals that the U.S. share of the nuclear power plant export market outside the East bloc has fallen drastically, from 100 per cent in 1972 to 50 per cent last year, and now to only 14 per cent. Europe's order book is summarised in the accompanying table:

EUROPE'S NUCLEAR ORDER BOOK

	For W. Europe	For export from Europe
Reactors	67 NSSS*	14 NSSS
Enrichment	10,000 tonnes	2,000 tonnes
Reprocessing	10,000+ tonnes†	4,400 tonnes

* Includes orders obtained by Westinghouse Nuclear Europe, wholly owned subsidiary of Westinghouse Electric, based in Brussels. † Includes estimates for national programmes in UK and France.

This table does not present a complete picture, however, because Europe also has a thriving business in components and services, from pressure vessels to safety evaluations, for nuclear stations outside Europe. Over 1,600 manufacturing companies and other organisations are affiliated to Foratom, the Association of European Atomic Forums, embracing 14 West European nations. Only France, West Germany, the UK and Sweden have exported complete nuclear steam supply systems.

France's sole supplier of NSSS is Framatome, a nuclear design and construction company, the main shares in which are held by Creusot-Loire (51 per cent), Commissariate à l'Energie Atomique (30 per cent) and Westinghouse (15 per cent). Framatome has invested in enough production capacity to build eight 900 MW NSSS (or six 1,300 MW NSSS) per year. The current domestic programme fills about two-thirds of this capacity, and it also has export contracts in hand for Iran and South Africa. As domestic orders decline in the 1980s, the plan is to keep the capacity filled with exports.

All but one of the nuclear plants under construction in W. Germany are the responsibility of Kraftwerk Union. It claims manufacturing capacity for 36 NSSS—that is for six or seven a year. It has 11 plants under construction in W. Germany and orders for another 11 overseas (Iran six, Brazil two, Austria, Spain and Switzerland). Its plum contract is the one opened by the German-Brazilian agreement of 1976, which covers a full fuel cycle as well as reactors. In addition it was awarded a contract last month to conduct a feasibility study for Argentina's third nuclear reactor—a heavy water reactor. A Canadian-Italian group were originally seen as the favourites for this order.

Mr. Carl Walske, president of the AIF, believes that the loss to the U.S. economy of the declining U.S. share of the international nuclear market is traceable in good part to recent U.S. Government policies "which have tended to discourage foreign orders of U.S. reactors." He adds that the situation could be reversed by Iranian nuclear orders which the recent U.S.-Iran agreement now makes possible. The U.S. expects to receive orders for at least six to eight of the 20 nuclear power plants Iran expects to construct during the 1980s.

Addressing the conference on World Energy Economics in London earlier this year, Mr. John Moore, president of the U.S. Export-Import Bank, laid the blame for the falling U.S. share on a "narrowing of price differentials between U.S. and foreign producers, their increased marketing efforts and expanded government assistance, including export financing." A closer examination of the shift in nuclear plant suppliers reveals a change in the character of the competition, he said. Between 1955 and 1973, the U.S. won nearly 80 per cent of all non-Communist export orders, with the majority of those lost going to different technologies, usually to those of the Canadians and the British. However, in the last four years, the U.S. has won fewer and fewer export orders, with all the contracts lost going to overseas manufacturers of American technologies, the W. Germans and the French.

The major producers of nuclear plant outside the U.S. are W. Germany, France, Canada and Sweden. Of 19 export orders for NSSS announced by these countries from 1971 to 1977, W. Germany won ten orders, France six, Canada two and Sweden one.

The export thrust by the French and Germans stems from their declared decision to increase their exports of high-technology equipment both for political and economic reasons. Given the exigencies of the energy crisis it was logical for them to concentrate on nuclear power. Their strong nuclear programmes have meant offers to the more developed countries not only of nuclear power plants, but also of reprocessing facilities and enrichment services—backed by favourable terms of financing.

Financial competition between supplier countries is quite significant, according to Mr. Moore. All recent contracts for the construction of nuclear plant in less developed countries had involved official export credit assistance from the supplier country. The financing competition has become even more important as, given the large capital requirements and long repayment periods, small differences in the level or type of financing can have a large impact on total costs.

Mr. John Elliott, senior principal of the UK Export Credits Guarantee Department (ECGD) discussed this competition in terms for financing at a conference on nuclear exports and the City, held by the British Nuclear Forum in London last spring. He described how Americans were upset, "at losing the financing for the turbines for the latest Korean nuclear projects, when ECGD supported "an extraordinary length of credit and an unusually low rate of interest" in order to counter the U.S. bid.

But Eximbank has participated in a high proportion of U.S. nuclear power plant exports—45 of the 57 nuclear projects since 1955. Up to March 30, 1978, Eximbank had supported some $4.9bn of U.S. nuclear plant equipment exports by authorising nearly $2.8bn in direct credits and $1.4bn in guarantees. Eximbank then had applications before it worth more than $2bn in U.S. exports of nuclear plant equipment.

The single largest Eximbank borrower for nuclear power is Spain, with a total exposure of some $965m. Other countries in which it has financed nuclear plant are (in decreasing amounts of exposure): Taiwan ($797m); Japan ($660m but none since 1972); Philippines ($643m); Korea ($502); Yugoslavia ($235m); Mexico ($189m); Brazil ($164m); Italy ($96m but none since 1971); West Germany ($53m but none since 1959); Sweden ($47m but none since 1972); and France ($16m but none since 1959).

Pearl Marshall
Editor, European Energy Report.

WORLD NUCLEAR PLANT MARKET U.S. SHARE AND EXIMBANK ROLE

	1955-70	1971-73	1974-75	1976-77
Global nuclear export orders	32	25	19	8
U.S. supplied	24	20	9	4
Exim financed	15	18	8	4
Ratios: (%)				
U.S./World	75%	80%	47%	50%
Exim/U.S.	63%	90%	89%	100%
Foreign orders: (Country of supplier on left)	Can-India (2) Paris; Ger-Argentina Neth; UK-Japan Italy; Fr-Spain	Ger-Austria Switz; Can-India Korea; Swe-Finland	Ger-Iran (2) Brazil (2) Spain Luxem; Fr-Iran (2) Belg (2)	Fr.S.Af (2); Ger-Spain (3)
Non-Exim:	Switz-3; Belgium-2; India-2; Italy; Sweden	Switz-2	Switz	

Source: Eximbank.

U.S.

CONTINUED FROM PAGE II

it away. Little as I like nuclear — and I'd rather live in a solar world — it's the best option we have."

Needs

The view of the nuclear industry is that, eventually, it will triumph. It believes that the world needs American pressurised and boiling water reactors; that it needs the fast breeder reactor; and that it needs reprocessing. It believes that future U.S. Administrations will be driven to concurrence.

There is even some sign that mounting problems with coal will cause the log-jam in nuclear construction to begin to free in the next two years. Commonwealth Edison, the Chicago-based utility, is evaluating bids on two nuclear plants. Public Service of Indiana will make a decision next year on bids which it already has in hand. The Tennessee Valley Authority is receiving bids on a nuclear power plant and will decide next year. American Electric Power, the largest privately-owned utility system in America, is evaluating its its system with a mind to turning to nuclear power.

It is in the short term that the nuclear industry see stagnation. The question is whether there will remain enough business in the way of backlog to enable the four nuclear manufacturers — Westinghouse, U.S. General Electric, Combustion Engineering and U.S. Babcock and Wilcox—to stay in the nuclear business and to retain their nuclear personnel.

The politics of the United States are as diverse as its economy is complex and its geography disparate, and although nuclear power has taken a political drubbing on a scale never endured before by any industry, it is gradually winning a few friends. Key members of the Congress are beginning to show understanding and even support for nuclear power. As the dollar weakens, solar power appears to be more elusive and recedes further away, and coal causes increasing environmental concern, some re-evaluation of nuclear energy by politicians as well as utilities seems to be inevitable.

However, nuclear power has endured such a long period of travail that there are now serious institutional barriers to its use in a number of states, such as California, where state law may effectively preclude construction of nuclear power plants until the waste issue is resolved to the liking of the legislature. Similarly, many politically motivated public service commissions are looking with disfavour at nuclear energy, and the politics of nuclear power have become the politics of America in an extraordinary polarisation of technology. In general, the left wing of the Democratic Party and most political activists professing a strong social conscience take as part of their political creed a stand against nuclear energy. The more conservative elements of the Democratic Party and most republicans are in favour of nuclear power.

At heart, the U.S. nuclear industry knows that its future will be determined not by its safety record, nor by its ability to extract kilowatts per foot but by what happens at the polls in 1980. A swing to the right will be a swing in favour of nuclear energy. A swing the other way is expected to mean more anguish.

Llewelyn King
The Energy Daily, Washington

WORLD NUCLEAR INDUSTRIES V

Plutonium likely to win reprieve

THREE EVENTS in the mid-1970s set the scene for the U.S. Government's anti-proliferation policy of 1977, and for the emergence of proliferation as a new target of anti-nuclear campaigners in Europe. They also led President Carter to launch —with the agreement of the six other Heads of State present at the London Summit in 1977—the International Nuclear Fuel Cycle Evaluation (INFCE).

The first event, in May 1974, was the explosion by India of a plutonium device euphemistically referred to as a "peaceful nuclear explosive." In spite of the fact that India had always been an outspoken opponent of nuclear controls the explosion itself was a profound shock to those nations which for nearly 20 years had been striving for international controls.

The second event, in mid-summer 1975, was when after some months of publicity West Germany signed an agreement with Brazil to provide that country with virtually a ready-made nuclear industry, including the technology to separate plutonium and to enrich uranium. It was the biggest nuclear contract any nation had ever won.

Transfers

The furore over the German-Brazilian contract also highlighted a number of other nuclear contracts under negotiation involving transfers of "sensitive technology" (i.e. reprocessing, enrichment, heavy water production). France, for example, was negotiating to sell Pakistan and Korea their first reprocessing plants. Such negotiations had prompted the U.S. Government to bring together—for the first time — the seven leading nuclear exporting nations at a secret meeting in London in April 1975, to try to find more effective safeguards against proliferation when transferring "sensitive technology." But the seven founder-members of the so-called Nuclear Suppliers' Group — the U.S., USSR, UK, France, West Germany, Japan and Canada—first agreed that any new controls would not apply retroactively, e.g. to the German-Brazilian agreement or the French reprocessing plant contracts.

The third event was the publication in Britain in September 1976 of an alarmist report on nuclear power and the environment, by the Royal Commission on Environmental Pollution, then under the chairmanship of Sir Brian Flowers, a part-time board member of the UK Atomic Energy Authority. Although the report said it was satisfied that nuclear energy presented no environmental problems at present, it dramatised the risks it foresaw might arise from a large expansion in "plutonium traffic." Two erroneous assumptions were widely made overseas about the Flowers Report. One was that, as a Royal Commission report, it had been called for by the UK Government. It had not. The other was that Sir Brian Flowers must have raised the report's fears before the UK AEA and failed to win attention. He had not.

In April 1977 President Carter formally declared a moratorium on one of the three sensitive technologies — reprocessing. The President, already warned privately by the UK that it would not support such a policy, took care to stress then, and again at the London summit early in May, that this was domestic U.S. policy for controlling proliferation, and that he recognised that other nations with no indigenous uranium might not be so willing to forgo the unburnt uranium and plutonium fuel locked up in spent nuclear fuel. Nevertheless, it emerged that the U.S. planned to bring strong pressure to bear on other nations—and above all on the UK and France, which were planning large-scale international reprocessing operations—by refusing permission for spent fuel which had originally been enriched in the U.S. to be transferred to another nation for reprocessing.

Of the three European partners in United Reprocessors, France has been the most outspoken in telling the U.S. that it will not accept the U.S. anti-proliferation policy. Its Superphenix fast reactor will depend on plutonium fuel obtained by reprocessing. It went ahead in 1977-78 and signed contracts with Japan to import 2,200 tonnes of spent fuel, even though Japan has no approval from the U.S. for the transfer of most of this fuel. But it has told Pakistan that, although it is still prepared to provide reprocessing technology, it will not provide the technology to separate pure plutonium.

Britain's political leaders *have been less outspoken* publicly than those of France, but the message is nonetheless clear. Foreign Secretary David Owen, in a statement shortly after the London Summit of May 1977, pointed out bluntly some of the weaknesses, as Britain saw it, of the new U.S. policy. An effective anti-proliferation strategy, he said, "must go hand-in-hand with a viable energy strategy." The implication is that a strategy which appears fine for the U.S. with half the Western world's proven reserves of uranium, but which has allowed its reprocessing and fast reactor technologies to slip behind those of Europe, might not be viable in Europe, for instance, which has to rely heavily at present on energy imports. Europe's worries are given point by the recent U.S. embargo on enrichment supplies to EEC countries and its evident reluctance to provide assurance that no such embargo will ever be imposed again.

Britain's most telling political response, however, is the Government's acceptance of the findings of the report on the Windscale Public Inquiry. This endorsement has permitted Britain to follow France in signing new contracts with Japan to import a further 2,200 *tonnes of spent fuel for* reprocessing.

French reprocessing contracts (September 1978)

	Tonnes
Japan*	2,200
Sweden	620
W. Germany*	1,705
Switzerland	469
Austria	222
Holland	120
Belgium*	324
	5,660

* Planning national reprocessing facility.

W. Germany, watchful not only of U.S. but also of USSR reaction to any suggestion that it harbours nuclear weapon ambitions, had been least outspoken of the three. But it had already separated plutonium at its WAK pilot plant, and plans are proceeding for its first commercial reprocessing plant at Gorleben. Meanwhile it has signed a contract with France for reprocessing of 1,705 tonnes of spent fuel. It has also refused to renegotiate any aspect of its agreement with Brazil.

All three nations are participating in INFCE, called for by the U.S. to examine the possibility of finding nuclear technologies inherently more resistant to nuclear weapon proliferation than those which depend on the "sensitive technologies," at least in their present form. Altogether, 42 nations and three international organisations are participating in INFCE, recently defined as a "co-operative international study of ways to design and manage the nuclear fuel cycle that would reconcile energy security and military security concerns."

Idea

INFCE began with a U.S. idea that it might rank nuclear technologies in some "order of merit" of their potential (or lack of it) for making weapons. Britain has played an important role in convincing the U.S. and others that such a ranking could be the biggest contribution of all time to proliferation in the information it would give anyone seriously contemplating a nuclear weapon.

With the half-way point approaching for its eight working parties, one thing which has become very plain is that it will give no support to President Carter's unilateral indictment of plutonium as the root of all proliferation problems. One major outcome of INFCE is expected to be the "acquittal" of plutonium. But another will be new institutions to strengthen safeguards against proliferation. Lately the U.S. has been showing greater sympathy with the aspect of energy security raised by most of its allies as their reason for rejecting current U.S. non-proliferation policy. Some participants go so far as to say the U.S. Government has begun to lose interest altogether.

New institutions being explored under INFCE include an international nuclear fuel bank, international control of reprocessing, and international storage of plutonium. The idea of an international fuel bank, or "fuel trust," would be to have —somewhere outside of the U.S. and beyond its control—a stockpile of enriched uranium available to any nation which had placed all its nuclear facilities under safeguards, had an unblemished record and had undertaken not to develop its own enrichment or reprocessing. The U.S., whose abrupt demand for the renegotiation of all enrichment contracts last year precipitated the necessity for such a fuel bank, has shown most interest in promoting it.

President Carter has pledged a "substantial commitment"—but at the same time it has been stressed that such a fuel bank "need not be unduly large to accomplish its purpose of reinforcing the reliability of the uranium market by reducing political risks."

Stockpiling

The electricity supply industry in Europe, however, has pointed out that it will be taking steps itself to safeguard fuel supplies in future by investing in its own stockpiles. Professor Heinrich Mandel, Board member of RWE, West Germany's biggest utility, summing up (as its chairman) the Uranium Institute's meeting in London in July, said that his industry would be stockpiling to an extent "far larger in total than any which an international fuel bank is ever likely to possess." Here, he believed, was a potential source of worldwide insurance against disruption of energy supply. He urged the nuclear industry to seek ways of organising and pooling its stocks so that they could confer a degree of mutual assurance upon the industry as a whole.

At the instigation of the U.S., the International Atomic Energy Agency carried out a *two-year study (1975-77) of the* feasibility of conducting reprocessing as a multinational operation. It concluded that practical reprocessing centres could be set up by groups of nations with an affinity of political and commercial interests, even though they were not geographically close, provided at least one of the partners could contribute technology, industrial back-up and at least part of the cash. The study was shelved when, early in 1977, the new U.S. Administration made it plain that it no longer saw such centres as sufficient safeguard against proliferation.

Since then France, Britain, West Germany, Belgium and Japan have all confirmed their intention of proceeding with national centres. Britain remains interested in principle in the idea of operating Windscale under international control, but the problem is complicated by the fact that the Windscale site is also used to reprocess military plutonium. France, also interested in principle, has separated civil and military reprocessing into two different locations.

The international storage of plutonium is seen in some quarters as the simplest way of starting the process of internationalising the fuel cycle. Britain has shown considerable interest in the possibility of placing its civil plutonium store at Windscale, where it already retains plutonium for several other nations, under international inspection and control. As a partner in Urenco, the Anglo-German-Dutch enrichment group, it has recently acquired a further interest in international plutonium storage. Urenco's contract to supply enrichment to Brazil—which has not signed the NPT—calls for the plutonium separated from this enriched fuel to be placed under international safeguards. France, which plans to build plutonium storage at its civil reprocessing factory at Cap la Hague, is investigating the possibility of putting it under international control from the outset.

There appears to be general agreement among the more advanced nuclear nations that, whatever new multinational institutions are set up, they should preferably be under the jurisdiction of the IAEA, or at the very least consistent with it. Over the next year INFCE will provide an opportunity to test the strength of opposition to this view among the less advanced nuclear nations.

David Fishlock

STOCK EXCHANGE REPORT

Late turnround in equities leaves 30-share index 1.4 down at 499.2, after 494.0—Gilts remain unsettled

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 18	Sep. 28	Sep. 29	Oct. 10
Oct. 2	Oct. 12	Oct. 13	Oct. 24
Oct. 16	Oct. 26	Oct. 27	Nov. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The anxiety and tension which marked yesterday's opening of the Labour Party conference at Blackpool overshadowed stock markets at the start of the new Account. A receding market lately on growing opposition to the Government's 5 per cent pay guideline, equity shares weakened further at the outset following Press comment on the frantic efforts by the Labour Party to gain trade union support for the counter-inflation policies before the conference started.

The prospect of a defeat for the Government on pay left equities particularly vulnerable to small nervous selling and prices were marked down at the opening. The thin state of trade was likewise noticeable in a technical rally, which gathered impetus in the after-hours' business, owing to reports that the powerful engineering union was having second thoughts about voting for the motion condemning wage restraint: the conference's rejection of any pay restraint was announced too late to have any noticeable impact on sentiment.

The political uncertainty negated other factors which included encouraging surveys of U.K. industrial opinion and advance reports of a broker's favourable review of equity market prospects. By noon, the FT Industrial Ordinary share index had fallen below 500 for the first time in a month, but the loss of 8.8 was finally whittled away to one of only 1.4 at the close of 499.2. Unfounded rumours concerning the U.S. patent for Amoxil unsettled **Beecham**, down to 690p before a close of a net 10 off at 705p.

Despite the effects on attendance of the two-day Jewish New Year holiday, business, as illustrated by the number of bargains marked, was much the same as on the previous Monday. Interest was displayed in bid and situation stocks, which provided many minor firm features, but the overall trend was recognised in the five-to-two majority of falls over rises in all FT-quoted industrials.

Gilt-edged securities were influenced by the general uncertainty and an afternoon attempt to recovery was stifled by renewed worried about short-term interest rate trends in the U.S.: the Federal Reserve rate was yesterday raised to 9 per cent. Once again the level of trade was extremely low, a situation which is likely to persist while the Labour Party conference continues. Corporations followed the main funds and the recently-issued **Southwark** 12½ per cent 1987 fell ½ to 8¼ in £10-paid form.

Institutional and arbitrage selling again found buyers active only at lower rates and the investment currency premium fell further. Business at the cheaper rates was sometimes substantial but, aided by the unexpectedly firm showing of sterling, the premium closed at the day's lowest at 81⅞ per cent, down 2⅞ points. Yesterday's SE conversion factor was 0.7212 (0.7113).

Interest in Traded Options was restricted on the first day of the Account and only 528 contracts were completed. **GEC** attracted a reasonable trade, however, and of the 124 deals transacted, 77 were done in the October 300 series.

Ferranti issues traded fairly quietly after last Friday's official debut, the new Ordinary reacting to 353p on scattered offerings before settling at 357p for a fall of 8 on the day, with the new nil paid closing a similar amount down at 257p, after 253p. In contrast, **Rightwise** attracted buyers and pushed ahead to close 7 dearer at 122p.

HK & Shanghai down

Foreign banks were inclined easier on domestic and investment currency influences. **Hong Kong and Shanghai** were particularly vulnerable at 288p, down 14, while **Bank of New South Wales** cheapened 10 to 625p. Home banks drifted gently lower in thin trading.

Still drawing strength from Friday's favourable interim statement, **Hambro Life** edged forward 2 to 390p, but other Insurances gave ground on lack of support. **GRE**, 220p, and **Willis Faber**, 250p xo, declined 6 and 5 respectively.

A slack session in Breweries left prices little changed. Among Distillery issues, **Macallan Glenlivet** reflected increased earnings with an improvement of 5 to 385p.

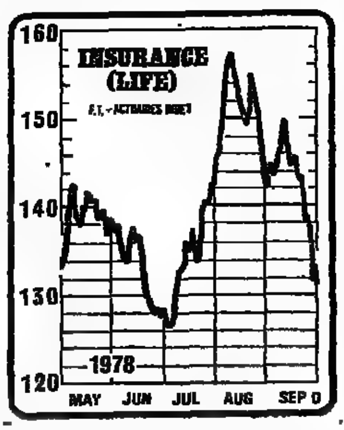
Bambergers, a firm market at 91p in front of the announcement of the bid worth about 79p per share from International Timber, reacted sharply in the late trading to close 11 off on balance at 77p; **International Timber** eased 5 to 128p. Elsewhere in the Building sector, adverse weekend Press comment left its mark on some of the leading Contracting issues. **Geo Wimpey** eased afresh to 80p and closed 1½ cheaper at 81p, while losses of 4 were recorded in **Taylor Woodrow**, 428p, and **Marchwiel Holdings**, 133p. Lower half-yearly profits prompted a reaction of 2 to 76p in **Blockleys**, while **McNeill Group** eased a similar amount to 41p following news of the continuing losses and proposed reorganisation of the company.

ICI drifted off to 388p before picking up to close 3 dearer on the day at 393p. On the other hand, **Fisons** cheapened 2 to 358p.

Currys disappoint

Leading Stores closed narrowly mixed after a late technical rally. **Marks and Spencer** initially eased to 80p in reaction to adverse comment before finishing only a penny lower on balance at 82p. **Combined English**, a firm market last week following the record interim results, hardened 1½ more to 134p xd. **Currys** lost 6 to 190p following the disappointing first-half earnings and **Executex** declined a similar amount to 50p after persistent offerings in a thin market. **Foster Bros.**, on the other hand, gained 4 to 159p in response to Press comment and **Bambers** found renewed support at 145p, up 7.

Thorn Electrical eased 4 to 368p following the announcement of the proposed closure of its refrigerator and freezer plant at Hartlepool. The other electrical leaders replaced initial falls with modest rises. **GEC** rebounded from 316p to close a net 2 better on the day at 322p. Contrasting movements among secondary issues included **MK Electric**, 4 better at 225p following Press comment, and **Farnell Electronics**, 10 cheaper at 385p on nervous selling ahead of the interim figures which are expected shortly. **Electrocomponents** were quoted ex the scrip issue at 298p.



Engineering leaders plotted an irregular course in thin trading. **John Brown** drifted down to 434p but rallied late to close unaltered at 440p, while **GKN** ended 2 off at 268p, after 265p. **Hawker** put on 4 to 248p as did **Tubes**, to 394p. Secondary issues performed similarly with **Whitehouse** rising 5 more to 112p in a thin market ahead of Thursday's preliminary results and **Spear and Jackson** improving 6 to 142p on revived speculative interest. **British Steam** firmed 8 to 103p and **Haden Carrier** hardened 2 to 121p, the latter in response to the higher interim earnings. **Jones Group** fell 6 to 70p in reaction to the interim profits setback, while further consideration of the poor half-year earnings prompted a fresh fall of 4 to 90p in **James Neill**.

A Press suggestion that a bid may be imminent directed attention to **Robertson Foods** which moved up 4 to 133p, but **Rowntree Mackintosh**, rumoured to be the interested party, slipped 8 to 395p. Elsewhere in Foods, **Fitch Lovell** closed a penny harder at 64p, after 65p, following Press comment. **Bluebird Confectionery** eased 4 to 78p.

Beecham dip & rally

Persistent small selling at the outset on rumours that the group have been refused a patent in America for its "Amoxil" drug took **Beecham** down 690p but a company denial to the effect that difficulties are being experienced in the UK and not in the U.S. helped the shares rally to close 10 down on the day at 705p. Other miscellaneous Industrial leaders drifted lower with **Glaxo** reacting from recent firmness to finish 5 off at 628p; the interim results are due next Monday. **Turner and Newall** picked up late to finish a penny dearer at 180p, after 176p. Elsewhere, Press comment and suggestions that Arthur Guinness may soon bid for the outstanding 33 per cent of the equity it does not already own saw **White Child and Beney** advance rapidly to touch 125p and close 30 higher on the day at 120p. Already in receipt of an agreed 70p per share cash offer from Courtaulds, **Compton Sons and Webb** jumped 7½ to 72p xd on the revelation that the company has received a further approach which might lead to a new offer being made. **Crosby House** rose 12 to 140p on news of the proposed rights issue and reduced loss for the half-year. **Beatson Clark** edged forward 2 to 195p following the interim results, but a reaction in the investment currency premium led to a fall of 12 to 257p in **Jardine Matheson**.

Scattered losses in the Leisure sector included **Barr and Wallace** "A" 4 lower at 148p, and **Black and Edgington**, a similar amount down at 100p.

Still reflecting the critical labour problems facing the industry, Motors and Distributors tended to drift lower in light trading. **Dunlop** finished a penny off at 73p, after 74p, following fresh comment on the company's prospects, while **Dowty**, 287p, and **Flight Refuelling**, 167p, lost 3 apiece. **Rolls-Royce** were actively traded before closing a penny easier at 113p xd, while **Armstrong Equipment** held at 37p in front of to-day's preliminary statement. Of the isolated firm spots, **ERF** hardened 1½ more to 108½p and **Eeron** improved 5 to 123p.

News of the counter-bid of £1 per share from Argus Press left **Tridant Group** 14 higher at 98p. **Jefferson Smurfit** hardened 2 to 197p in response to the half-yearly results, but **Marshall Cavendish** closed 1½ cheaper at 51p, after 50p, on the sharply lower interim profits. **McCorquodale** gave up 10p to 300p and **Mills and Allen** 7 to 163p, while Newspapers to give ground included **News International**, 5 cheaper at 240p.

Properties passed a rather subdued session and closed with occasional losses. **Churchbury**, 320p. **Hammerson "A"** lost 7 and 6 respectively, while **Stock Conversion** closed 3 cheaper at 265p. Further consideration of the annual results caused a reaction of 5 to 128p in **A. and J. Mucklow**. **Property Security** were quoted ex the scrip issue at 112p.

Siebens up late

Activity in the Oil sector remained at a low ebb. Unsettled initially by news that the West German Federal Central Office had turned down its Veba deal, **British Petroleum** eased to 886p before rallying towards the close to finish unaltered on balance at 892p. **Shell** closed 2 lower at 562p, after 558p. Outside the leaders, late speculative support pushed **Siebens (UK)** 12 higher to 340p.

Investment Trusts took the recent setback a stage further on continued lack of support. In Financials, **Park Place Investment** hardened 2 to 39p ahead of today's preliminary figures. **International Investment Trust of Jersey** attracted renewed interest and rose 5 further to a 1978 peak of 250p.

Textiles were easier for choice. **Charles Early and Marriott** eased 2 to 24p on the disappointing interim statement, while losses of 1½ were seen in **Lister**, 53p, and **Tootal**, 46½p. **Yorkshire Fine Woollen**, however, crept forward a penny to 46p

Anglo-Transvaal, 7 cheaper at 126p, provided the only significant movement in lacklustre South Africans. Among Rubbers, **Plantation Holdings** resisted the easier trend with an improvement of 4½ to 67p xd.

Golds fall afresh

Activity in mining markets remained at minimal levels. The major influence in share price movements was the further decline in the investment currency premium which prompted some fairly substantial losses in places.

South African Golds mirrored the fall in the premium and were additionally burdened by scattered selling from the Cape and London, despite the steadiness of the bullion price, which was finally 25 cents firmer at $217.625 per ounce.

The Gold Mines index lost ground again, falling 5.5 for a 5-day loss of 16.9 to 163.1—its lowest since July 18.

Among heavyweight Golds, losses ranged to £1¼, as in **Randfontein**, £34¾, while **Vaal Reefs**, £14¼, **Free State Geduld**, £19, and **Western Holdings**, £20, all registered falls of around a half-point.

The lower-priced issues showed **Libanon** 20 off at 503p and **Doornfontein** 13 cheaper at 286p.

South African Financials moved similarly to Golds, but prices tended to recover slightly at the close reflecting some American interest. **Anglo-American Corporation** fell to 332p at one point but rallied to end at 336p, a net loss of 4. **Sentrust** gave up 6 to 204p. **De Beers** remained friendless, losing 10 more to 400p.

London-based Financials held up well despite the weakness in the UK equity market. Lack of interest following the overnight closure of the Sydney market for the Labor Day holiday coupled with the lower premium prompted widespread losses among Australians.

In Uraniums, **Pancontinental** dropped 75 more to 975p, **Peko-Wallsend** 10 to 490p and **EZ Industries** 5 to 250p.

Base-metal miners to lose ground included **Western Mining**, 8 down at 144p, **MIM Holdings** 5 off at 187p ex-dividend, and **Bougainville**, 3 cheaper at 127p. **BH South** closed a penny harder at 120p despite the announcement on Friday of sharply increased losses for the year to last June.

Elsewhere, reduced half-year profits saw **Silvermines** fall 5 to 34p.

FINANCIAL TIMES STOCK INDICES

	Oct. 2	Sept. 29	Sept. 28	Sept. 27	Sept. 26	Sept. 25	A year ago
Government Secs.	69.71	70.00	70.02	69.97	70.15	70.24	79.58
Fixed Interest	71.78	71.85	71.80	71.86	72.04	72.16	80.50
Industrial	499.2	500.6	501.2	506.0	514.2	509.4	520.1
Gold Mines	163.1	168.6	170.1	173.3	177.9	180.0	148.1
Ord. Div. Yield	5.37	5.36	5.35	5.31	5.24	5.27	5.15
Earnings, Yld.% (full)*	15.15	15.12	15.16	15.04	14.86	14.95	15.14
P/E Ratio (net)*†	8.75	8.77	8.74	8.80	8.91	8.86	8.48
Dealings marked	4,964	4,842	5,162	5,491	5,159	4,988	6,772
Equity turnover £m.	—	86.06	98.44	89.24	83.02	82.91	117.21
Equity bargains total	—	17,355	16,726	16,333	17,570	17,224	18,232

10 am 496.7. 11 am 495.3. Noon 494.0. 1 pm 494.0. 2 pm 494.6. 3 pm 495.0.

Latest Index 01-246 8026

* Based on 53 per cent corporation tax. † Nil=8.52.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	535.5 (14/9)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	206.6 (14/8)	130.3 (2/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Oct. 2	Sept. 29
—Daily		
Gilt-Edged	168.2	147.8
Industries	173.8	174.8
Speculative	35.0	29.7
Totals	113.4	110.2
5-day Average		
Gilt-Edged	168.0	160.9
Industrials	182.3	186.2
Speculative	38.5	38.9
Totals	116.7	116.7

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Sep. 26	Oct. 9	Dec. 28	Jan. 9
Oct. 10	Oct. 23	Jan. 11	Jan. 23
Oct. 24	Nov. 6	Jan. 25	Feb. 6

For rate indications see end of Share Information Service

Money was given for the call in **English Property**, **Avana**, **Cullen's Stores**, **Bambers**, **Ladbroke Warrants**, **Coral Leisure**, **UDT**, **Tate and Lyle**, **Duple Int.**, **Ladbroke**, **Staflex International**, **Kwik-Fit**, **KCA**, **Talbex** and **Bishopsgate Plats.**, while doubles were arranged in **Magnet Metals** and **UDT**.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (34)

BEERS (1)
Macallan-Glenlivet

BUILDINGS (2)
Bambergers; Howard Shuttering

CHEMICALS (1)
Hoechst Fin. 10pc Uns. Ln.

STORES (2)
Bambers; Henriques A

ENGINEERING (2)
British Steam; Whitehouse

FOODS (1)
Robertson Foods

HOTELS (2)
Prince of Wales; Wheeler's

INDUSTRIALS (6)
Diamond Stylus; Ofrex; Magnolia; Russell (A.); Man. Ship Canal; White Child & Beney

MOTORS (1)
Brown Bros.

PAPER (2)
Trident Group; Usher-Walker

SHIPPING (1)
Fisher (J.)

SHOES (1)
Stylo Shoes

TEXTILES (1)
Lever

TRUSTS (1)
Int. Inv. Trust Jsy.

NEW LOWS (19)

BRITISH FUNDS (11)
Exch. 13pc 1980; Exch. 12pc '99-02; Treas. 11½pc 1981; Treas. 8pc '02-06; Exch. 12¼pc 1981; Treas. 8½pc '08-12; Treas. 14pc 1982; Treas. 3pc '66 Aft.; Funding 6½pc '85-87; Treas. 2½pc; Treas. 15¼pc 1996

INTERNATIONAL BANK
5pc Stock '77-82

CHEMICALS (2)
Ciba Geigy 8pc Conv. '81/94; Do. 8½pc Conv. '82/95

STORES (1)
Dixon Photo.

INDUSTRIALS (1)
Baxter Travenol

PAPER (1)
Finlas

TEXTILES (1)
Early (C.) & Marriott

OILS (1)
Sceptre Resources

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	—	71	5
Corpns., Dom. and Foreign Bonds	5	20	37
Industrials	212	536	765
Financial and Prop.	45	219	250
Oils	4	7	25
Plantations	4	9	18
Mines	10	79	50
Recent Issues	5	13	26
Totals	285	954	1,396

LONDON TRADED OPTIONS

Option	Exercise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	145	10	165	1	—	—	890p
BP	850	48	15	90	—	115	—	"
BP	900	20	5	65	—	82	—	"
BP	950	4½	29	32	—	55	1	"
Cons Gold	160	23	7	30	15	34	10	179p
Cons Gold	200	1	—	7	30	15	—	"
Courtaulds	120	5	7	9½	5	12½	—	120p
GEC	280	45	—	57	11	66	1	322p
GEC	300	26	77	41	—	51	—	"
GEC	330	7	28	25	—	31	—	"
GEC	360	2	—	14	—	19	7	"
Grand Met	100	11	—	18½	10	21	—	104p
Grand Met	110	5	25	12	20	13½	6	"
Grand Met	120	1½	—	6½	10	7½	6	"
ICI	360	36	7	47	—	56	—	391p
ICI	390	13	5	27	6	36	—	"
ICI	420	2½	20	15	5	20	20	"
Land Secs.	200	35	3	41	—	47	—	233p
Land Secs.	220	16	12	24	—	31	—	"
Land Secs.	260	2	—	6	—	11	2	"
Marks & Sp.	70	15	5	17	5	20	—	82p
Marks & Sp.	80	6	—	11	1	15	2	"
Marks & Sp.	100	¾	—	2	15	5	—	"
Shell	550	25	5	40	2	58	—	565p
Shell	600	5	—	22	—	35	1	"
Total			252		134		55	
		November		February		May		
BOC Intl.	80	1½	—	3½	8	5	—	72p
Boots	220	5	5	11	—	16	—	209p
Boots	240	1½	5	6	—	11	—	"
Boots	260	¾	—	3	14	5½	—	"
EMI	140	11	28	19	26	25	—	145p
Imperial Gp	90	2	—	3	—	4	1	81p
Totals			38		48		1	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Beecham	25p	14	705	−10	743	563
ICI	£1	12	393	+3	421	328
GEC	25p	10	322	+2	338	233
BP	£1	9	892	—	926	720
Shell Transport	25p	9	562	−2	602	484
Tate & Lyle	£1	9	184xd	−1½	218	164
BAT Inds.	25p	8	303	−3	346	267
Marks & Spencer	25p	8	82	−1	94	67½
Gd. Metropolitan	50p	7	109	−1	121	87
Racal Electronic	25p	7	329	−1	362	196
Rolls-Royce	25p	7	113xd	−1	120½	63½
Royal Insurance	25p	7	347	−3	425	343
Barclays Bank	£1	6	325	−3	368	296
EMI	50p	6	143	—	190	130
Glaxo	50p	6	628	−5	648	515

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Oct. 2, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Fri. Sept. 29 Index No.	Thurs. Sept. 28 Index No.	Wed. Sept. 27 Index No.	Tues. Sept. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	241.08	−0.3	16.04	5.27	8.57	241.92	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	207.76	−0.9	17.03	5.57	8.12	209.65	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	380.85	−1.1	18.26	4.13	7.96	385.17	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	554.75	+0.4	13.07	3.34	10.58	552.73	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	369.21	−0.2	17.99	7.01	7.54	370.02	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	191.13	−0.3	17.39	5.73	7.72	191.62	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	170.30	−0.7	15.64	8.36	8.83	171.58	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
11	(DURABLE) (53)	212.67	−0.7	16.15	5.02	8.67	213.49	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio, TV (16)	260.22	−0.6	14.15	3.96	9.91	262.35	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	182.51	−0.6	16.32	6.21	8.44	183.58	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (25)	126.93	−0.4	19.43	6.50	7.21	127.48	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (172)	212.88	−0.6	15.63	5.76	8.63	214.23	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	225.15	−0.8	14.90	6.36	9.23	226.95	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	277.24	+0.4	15.35	5.10	9.72	276.09	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	261.23	−0.8	15.54	6.64	9.40	263.25	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	209.55	−1.0	18.47	5.15	7.17	211.66	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	225.26	−0.9	13.53	4.57	10.23	227.31	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	379.11	−0.9	22.59	6.36	6.85	382.83	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	143.61	−0.8	18.08	7.46	7.29	144.76	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	201.52	−0.5	10.45	4.52	13.45	202.40	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	184.05	−0.1	17.91	7.57	7.26	184.32	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	241.83	−0.4	17.75	7.25	7.22	242.93	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	116.52	−0.5	19.45	5.48	6.01	117.06	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	209.95	−0.4	14.83	5.72	8.69	210.77	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	295.84	+0.1	15.46	6.39	8.40	294.85	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	278.08	−1.4	12.40	3.47	9.69	281.96	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	135.42	−0.7	17.94	5.61	6.65	136.44	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	424.44	+0.3	14.62	7.12	8.73	423.25	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	222.32	−0.7	16.56	8.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	226.22	−0.5	15.97	5.57	8.63	227.35	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	501.78	−0.2	13.93	4.01	7.80	502.69	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	249.35	−0.5	15.33	5.34	8.50	250.69	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	163.05	−1.0	—	5.98	—	164.63	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	180.26	−0.9	25.93	6.50	5.71	181.89	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	203.83	−0.9	—	8.49	—	205.81	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	155.81	+0.2	15.63	5.29	8.44	155.55	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	131.38	−1.2	—	7.13	—	133.03	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	121.02	−1.3	—	7.74	—	122.67	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	341.21	−1.5	13.85	4.85	10.33	346.49	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	81.72	−0.7	—	5.95	—	82.26	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	255.00	−0.9	2.90	2.98	50.29	257.26	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	108.64	[illegible]	[illegible]	7.62	5.62	108.68	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	222.51	−1.2	3.13	4.66	31.94	225.32	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	107.06	−0.6	16.46	6.65	7.39	107.76	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	320.12	−1.1	15.32	7.18	8.19	321.01	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	227.06	−0.6	—	5.48	—	228.55	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. Oct. 2	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.85	−0.20	—	7.06
2	5-15 years	114.05	−0.35	—	7.41
3	Over 15 years	119.51	−0.39	—	10.23
4	Irredeemables	126.67	−0.43	—	9.02
5	All stocks	112.12	−0.31	—	8.36

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Mon. Oct. 2	Fri. Sept. 29	Year ago (approx.)
1	Low	5 years	9.88	9.85	[illegible]
2	Coupons	15 years	11.86	11.82	[illegible]
3		25 years	11.92	11.86	[illegible]
4	Medium	5 years	12.05	11.95	[illegible]
5	Coupons	15 years	12.25	12.20	[illegible]
6		25 years	12.54	12.45	[illegible]
7	High	5 years	12.06	11.93	[illegible]
8	Coupons	15 years	12.84	12.78	[illegible]
9		25 years	12.93	12.85	[illegible]
10	Irredeemables		11.74	11.66	[illegible]

		Monday, Oct. 2 Index No.	Monday, Oct. 2 Yield %	Friday Sept. 29	Thurs. Sept. 28	Wed. Sept. 27	Tues. Sept. 26	Mon. Sept. 25	Friday Sept. 22	Thurs. Sept. 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.71	†12.87	57.70	57.70	57.56	57.57	57.54	57.57	57.54	62.61
16	Investment Trust Prefs. (15)	51.37	13.56	51.37	51.37	51.71	51.71	51.71	51.96	51.96	56.41
17	Coml. and Indl. Prefs. (20)	71.34	13.06	71.47	71.58	71.46	71.45	71.54	71.39	71.39	75.65

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. Ltd. (a)

Allied Hambro Group (a)(g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd. (a)(c)

Barclays Unicorn Ltd. (a)(c)(g)

Baring Brothers & Co. Ltd. (a)(x)

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia Trust Management (a)(g)

The British Life Office Ltd. (a)

Brown Shipley & Co. Ltd.

Canada Life Unit Tst. Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carliol Unit Fd. Mgrs. Ltd. (a)(c)

Charities Official Invest. Fd.

Chieftain Trust Managers Ltd. (a)(g)

Confederation Funds Mgt. Ltd. (a)

Cosmopolitan Fund Managers.

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mgrs. Ltd. (a)(g)

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmnt. Ltd.

Equity & Law Un. Tr. M. (a)(b)(c)(z)

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Unit Tr. Mgrs.

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a)(c)(g)

Hill Samuel Unit Tst. Mgrs. (a)

Intel. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Lawson Secs. Ltd. (a)(c)

Legal & General Tyndall Fund

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Mutual Unit Trust Managers (a)(g)

National and Commercial

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd. (a)(g)

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt. (a)

Piccadilly Unit Trust (a)(b)

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd. (a)(b)(c)

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g)

Rothschild & Lowndes Mgmt. (a)

Rowan Unit Trust Mngt. Ltd. (a)

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Save & Prosper continued

Scotbits Securities Ltd.

Schlesinger Trust Mngrs. Ltd. (a)(z)

J. Henry Schroder Wagg & Co. Ltd.

Scottish Equitable Fnd. Mgrs. Ltd.

Sebag Unit Tst. Managers Ltd. (a)

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Target Tst. Mgrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Tyndall Managers Ltd.

TSB Unit Trusts (y)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

Wieler Growth Fund

CORAL INDEX: Close 496-501 N/T 499-504

INSURANCE BASE RATES

†Property Growth ... 9¾%

†Vanbrugh Guaranteed ...

† Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

Abbey Life Assurance Co. Ltd.

Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Barclays Life Assur. Co. Ltd.

Beehive Life Assur. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

City of Westminster Assur. Co. Ltd.

City of Westminster Assur. Soc. Ltd.

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Assurance Co. Ltd.

Crusader Insurance Co. Ltd.

Eagle Star Insur/Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assurance Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fd. Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Bk. Unit Tst. Mngrs. Ltd.

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Phoenix Assurance Co. Ltd.

Prop. Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Solar Life Assurance Limited

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (U.K.) Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Australian Selection Fund NV

Bank of America International S.A.

Banque Bruxelles Lambert

Barclays Unicorn Int. (Ch. Is.) Ltd.

Barclays Unicorn Int. (I. O. Man) Ltd.

Bishopsgate Commodity Ser. Ltd.

Bridge Management Ltd.

Britannia Tst. Mngmt. (CI) Ltd.

Brown Shipley Tst. Co. (Jersey) Ltd.

Butterfield Management Co. Ltd.

Capital International S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst.Mgt.Jrsy.Ltd.

Eurobond Holdings N.V.

F. & C. Mgmt. Ltd. Inv. Advisers

Fidelity Mgmt. & Res. (Bda.) Ltd.

Fidelity Mgmt. Research (Jersey) Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Free World Fund Ltd.

G.T. Management Ltd.

Gartmore Invest. Ltd. Ldn. Agts.

Hambro Pacific Fund Mgmt. Ltd.

Hambros Bank (Guernsey) Ltd./Hambros Fd. Mgrs. (C.I.) Ltd.

Henderson Baring Fund Mgrs. Ltd.

Hill-Samuel & Co. (Guernsey) Ltd.

Hill Samuel Overseas Fund S.A.

International Pacific Inv. Mngt. Ltd.

J.E.T. Managers (Jersey) Ltd.

Jardine Fleming & Co. Ltd.

Keyselex Mngt., Jersey Ltd.

King & Shaxson Mgrs.

Kleinwort Benson Limited

Lloyds Bk. (C.I.) U/T Mgrs.

Lloyds Bank Intl. Geneva.

M & G Group

Samuel Montagu Ldn. Agts.

Murray, Johnstone (Inv. Adviser)

Negit S.A.

Negit Ltd.

Phoenix International

Quest Fund Mngmnt. (Jersey) Ltd.

Richmond Life Ass. Ltd.

Rothschild Asset Management (C.I.)

Rothschild Asset Mngt. (Bermuda)

Royal Trust (CI) Fd. Mgt. Ltd.

Save & Prosper International

Schlesinger International Mngt. Ltd.

Schroder Life Group

J. Henry Schroder Wagg & Co. Ltd.

Sentry Assurance International Ltd.

Singer & Friedlander Ldn. Agents

Stronghold Management Limited

Surinvest (Jersey) Ltd. (x)

TSB Unit Trust Managers (C.I.) Ltd.

Tokyo Pacific Holdings N.V.

Tokyo Pacific Hldgs. (Seaboard) N.V.

Tyndall Group

Utd. Intnl. Mngmnt. (C.I.) Ltd.

United States Tst. Intl. Adv. Co.

S. G. Warburg & Co. Ltd.

Warburg Invest. Mngt. Jrsy. Ltd.

World Wide Growth Management

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. † Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

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Over Fifteen Years

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Financial

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly.	24	......	—	—
41	33	Do. 5pc Pref.	41	......	—	—
98	98	Chilean Mixed	98	......	—	£5.10
115	350	German Yng. 4½pc.	421	......	4½	—
54	46	Greek 7pc Ass.	52	......	3½	16.90
51	46	Do 6pc 28 Stab. Ass.	50	......	6	15.04
44	40	Do 4pc Mixed Ass.	42	......	4	15.05

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 39⅝% (based on US$1.9697 per £)

CANADIANS

S.E. List Premium 39⅝% (based on $2.3378 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
217	155	Hambros	187	−3	9.76	—	7.8	—
100	81	Hill Samuel	92	−1	4.97	—	8.1	—
600	325	Do. Warrants	337	......	—	—	—	—
360	203	Hong Shng $2.50	283	−14	hQ59c	—	2.4	—
69	52	Jessel Toynbee	57	......	h5.32	—	8.7	—
215	160	Joseph (Leo) £1	190	......	8.74	—	6.9	—
52	37	Keyser Ullmann	49	......	0.67	—	2.0	—
74	56	King & Shax 20p	57	......	3.44	—	9.3	—
114	90	Kleinwort B.L.	100xd	......	†4.18	—	6.2	—
297	242	Lloyds £1	248	−4	†9.23	4.8	5.6	5.6

BANKS & H.P.—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

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[illegible]

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[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

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MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh 50c	165	−5	Q60c	ϕ	22.1
24	15	Rhod'n Corp 16⅔p.	16½	+½	0.57	7.1	5.1
80	52	Roan Cons. K4	65	......	—	—	—
41	32	Wankie Col. Rh 1	33	......	Q9c	ϕ	17.6
17½	10	Zam Cpr SBD0.24	14	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	11	......	—	—	—
140	64	Bougainville 50 Toea	127	−3	†Q8c	1.4	4.0
131	63	BH South 50c	120	+1	—	—	—
820	150	Central Pacific	490	−40	—	—	—
336	148	Conzinc Riotinto 50c	308	−6	†Q10c	2.2	‡
27	9½	Endeavour 20c	25½	−½	—	—	—
72	45	G.M. Kalgoorlie $1	60	+1	—	—	—
68	18	Hacma Gold N.L.	54	−2	—	—	—
140	81	Hamptn Areas 5p	128	......	t3.55	2.0	4.1
40	10	Metals Ex. 50c	38	......	—	—	—

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
68	35	Barymin	58	......	—	—	—
17	9	Burma Mines 17½p.	13	......	—	—	—
300	215	Cons. Murch. 10c	245	......	‡Q30c	2.6	‡
465	245	Northgate C$1	355	−10	—	—	—
258	164	R.T.Z.	241	−1	9.5	2.8	6.0
90	30	Sabina Inds. C$1	54	......	—	—	—
£12	750	Tara Exptn. $1	$12	......	—	—	—
74	43	Tehidy Minerals 10p	69	......	ϕ1.35	ϕ	2.9
185	120	Yukon Cons. C$1	150	+6	Q7c	2.9	2.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issues: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 36

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	25	......
Ash Spinning	49	......
Bertam	18	−1
Bdg'wtr Est. 50p	327	......
Clover Croft	26	......
Craig & Rose £1	520	......
Dyson (R. A.) A.	37	......
Ellis & McHdy.	67	......
Evered	27	−½
Fife Forge	52	......
Finlay Pkg. 5p	21	......
Graig Ship. £1	130	......
Higsons Brew.	80	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	258	......
N'thn. Goldsmith	68	......
Pearce (C. H.)	190	......
Peel Mills	20	......
Sheffield Brick	54	+6
Sheff. Refrshmt.	63	......
Sindall (Wm.)	105	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82.	£91	−¼
Alliance Gas	73	......
Arnott	385	......
Carroll (P.J.)	100	......
Clondalkin	80	......
Concrete Prods.	135	+3
Heiton (Hldgs.)	50	......
Ins. Corp.	180	......
Irish Ropes	115	......
Jacob	60	......
Sunbeam	32	......
T.M.G.	179xd	......
Unidare	85	

OPTIONS
3-month Call Rates

Industrials

Stock	Rate
A. Brew	6½
A.P. Cement	18
B.S.R.	9
Babcock	11
Barclays Bank	25
Beecham	35
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	12
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	15
Dunlop	7
Eagle Star	11
E.M.I.	14
Gen. Accident	17
Gen. Electric	18
Glaxo	40
Grand Met.	9
G.U.S. 'A'	20
Guardian	18
G.K.N.	22
Hawker Sidd.	20
House of Fraser	12
I.C.I.	20
"Imps"	6
I.C.L.	20
Inveresk	8
KCA	3
Ladbroke	17
Legal & Gen.	14
Lex Service	7
Lloyds Bank	22
"Lofs"	4
London Brick	5
Lonrho	5
Lucas Inds.	25
Lyons (J.)	10
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
N.E.I.	12
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	8
Plessey	8
R.H.M.	5
Rank Org. 'A'	18
Reed Intnl.	12
Spillers	3
Tesco	4
Thorn	22
Trust Houses	15
Tube Invest.	30
Unilever	35
Utd. Drapery	7½
Vickers	15
Woolworths	5

Property

Stock	Rate
Brit. Land	3¼
Cap. Counties	4½
E.P.	5
Intreuropean	4
Land Secs.	16
MEPC	12
Peachey	8
Samuel Props.	9
Town & City	1¼

Oils

Stock	Rate
Brit. Petroleum	45
Burmah Oil	5
Charterhall	3
Shell	28
Ultramar	20

Mines

Stock	Rate
Charter Cons.	12
Cons. Gold	14
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday October 3 1978

GROWTH IN DEMAND FORECAST AT ONLY 1.9% NEXT YEAR

World steel outlook gloomy

BY ROY HODSON

COLORADO SPRINGS, Oct. 2.

The outlook for the Western world's steel industry remains gloomy after four years of recession. Mr. L. J. Holschuh, secretary-general-designate of the International Iron and Steel Institute, forecast a growth in demand of only 1.9 per cent next year when he spoke at the opening of the institute's annual conference.

The small growth in demand for steel would come, mainly, from outside the big steel-making and consuming areas of Europe, North America and Japan. In those three areas the institute's forecasters expect levels of steel demand to remain virtually unchanged.

The general sustained upturn for steel demand for which the world steel industry had waited for four years was still not within sight, he said.

In the U.S., which had experienced strengthened steel demand, with the industry working at 85 per cent of its capacity, it was possible that 1979 would bring a halt to the upward trend.

"There are as yet no reliable indications that the principal cause of slow economic growth or stagnation in the industrialised countries will be removed.

"As long as such disturbances as exchange-rate disorder and imbalance in international trade sufficient to cause inflation persist, the economic outlook is uncertain."

The 29 Western nations belonging to the institute are expected to make 458m tonnes of steel this year. This will be 4 per cent above the slump year of 1977, but still 36m tonnes below the peak of 1974.

The institute has prepared estimates of steel production and usage in the Communist bloc's economic grouping, Comecon and China, and concludes that total world steel consumption will be 715m tonnes in 1978 and 735m tonnes in 1979.

Mr. Eishiro Saito, president of Nippon Steel and chairman of the institute, said he believed order was gradually returning to the industry. "It seems to me that the world industry has begun, albeit slowly, to make progress to the establishment of a new international order over the past year."

He claimed that the two main systems for disciplining markets, the European pricing system and the U.S. trigger price mechanism, had gone a long way toward improving the world steel market.

They were measures which were helping steelmakers everywhere to achieve better financial results, and had the beneficial effect of eliminating sale below production costs, a practice widespread among steelmaker's previously.

The steady enlargement of the State-owned sector in the world steel industry meant that 45 per cent of total production was in the public sector, said Mr. Charles Baker, retiring secretary-general of the institute.

Within its membership, 22 per cent of producers were State-owned.

He spoke against "deterioration of the business environment through governmental encroachment."

Washington presses EEC to check steel invasion. Page 6

BP-Veba to appeal on £210m deal veto

BY ADRIAN DICKS

BONN, Oct. 2.

BRITISH PETROLEUM and Veba, West Germany's biggest energy company, announced today that they will appeal to Count Otto Lambsdorff, the West German Economics Minister, to overrule last night's decision by the Federal Cartel Office blocking Deutsche BP's DM 800m (£210m) deal for most of Veba's Gelsenberg subsidiary.

At the same time, Veba said it would "as a precautionary measure" begin civil court proceedings to contest the Cartel Office ruling against the deal. Deutsche BP said it was still considering whether to take similar action.

Veba said the ruling had come as no surprise in the light of discussions with the Cartel Office since the proposed deal with Deutsche BP was announced in mid-June. It noted that the Cartel Office had given its blessing for all the components of the complex deal except for the indirect 25 per cent share that BP would acquire in Ruhrgas, West Germany's biggest importer and distributor of natural gas.

Dominant

The Cartel Office objects to the further strengthening of Ruhrgas's already dominant position, the removal of Deutsche BP as a potential entrant into the natural gas market, and the concentration in Ruhrgas of the interests of most of the major international oil groups represented in West Germany.

In the course of discussions with the Cartel Office it was confirmed today Veba and Deutsche BP had put forward a proposal by Cologne University Institute for Energy Economics that BP should accept reduced voting rights in Ruhrgas.

The voting rights of Gelsenberg's 25 per cent stake in Ruhrgas, which Deutsche BP is due to acquire on January 1, 1979, are exercised in conjunction with those of a holding company named Bergemann, among whose other shareholders is Texaco. The Bergemann-Gelsenberg block totals 56 per cent of Ruhrgas, within which Gelsenberg has a 45 per cent vote. This arrangement effectively gives the owner of these shares the largest single voice in Ruhrgas.

In order to meet the objection that Deutsche BP and Texaco between them would have, through the mechanism of Bergemann, an effective majority in Ruhrgas, the Cologne Institute suggested they should either sell stock or make over voting rights to some of the non-oil company shareholders in Bergemann. These include Ruhrkohle, Hoesch-Estel, Mannesmann and Fried. Krupp Huettenwerke.

The Cartel Office is understood to have rejected this compromise. But it may well be put forward again to Count Lamsdorff when, in accordance with the Cartel Acts, his ministry holds a public hearing into the case.

Details, Page 2

THE LEX COLUMN

Resisting the pull of U.S. rates

Index fell 1.4 to 499.2

Of one thing we can be sure: U.S. interest rates are still going up. Yesterday the Federal Funds rate at times approached 9 per cent, a rise of more than a point in the past two months, although the current target rate is thought to be no more than 8¾ per cent. And for the first time there is just a hint that the climb in transatlantic rates is starting to have an influence on the financial climate in the UK. With confidence in sterling being eroded by the political wrangle over pay policy the forward discount has been opening up in the past few days, and there has been a corresponding climb by Eurosterling money rates— the three-month rate is now close to 13½ per cent.

So far, the movement of UK domestic rates has been modest and can be attributed to short term fluctuations of confidence rather than any shift in the fundamentals. But there is an increasing edginess after an unaccustomed period of stability: if Minimum Lending Rate is unchanged at 10 per cent next Thursday it will have achieved its longest period at one level since early 1972. So far the money supply has given no reason for anxiety on interest rates, but in the absence of significant gilt-edged sales the aggregates are likely to swell back into the target growth rate within the next few months. Phillips and Drew, in their latest economic forecast published today, are projecting a rise in MLR to 11 per cent by the year-end (though they suggest it will ease again during 1979).

Purely domestic developments which tighten credit—like the payment of special deposits last month, or the big VAT transfer due in the next week or so—can be largely offset by the Bank of England in its money market operations. It is the sterling-dollar exchange rate, once again, which is likely to be the crucial factor.

Currys

Curry's interim figures reflect a period of solid, if unspectacular, progress. Cash takings and trading profit are both 21 per cent ahead; but a £272,000 increase in the charge for pensions (which now amounts to £417,000)has limited the pre-tax increase to 18 per cent. to give profits of £3.8m. Currys is emphasising that it is not experiencing a boom, but it can take consolation from yesterdays retail sales figures showing sales volumes for durable goods shops up 7 per cent in the first seven months of 1978. At least Currys is not doing worse than this.

But the company reports that margins are still under pressure, suggesting that competition remains strong. Currys sees the second half progressing more or less as the first, though there is a possibility of a mini-boom at Christmas. At this stage the company seems set to report pre-tax profits for the year of about £12½m; at 190p the shares represent fair value on a prospective fully taxed pe of 7½.

Timber merger

International Timber turns out to be the bidder for Bambergers: its agreed equity and cash offer burnt a few speculative fingers and left Bambergers 11p down at 77p. The two have apparently been eyeing each other for some little while, and the bid comes at a time of gently recovering fortunes in the timber sector. Profits of both groups could pick up by very roughly a tenth this year.

The question is whether the offer signals the start of a further bout of rationalisation of the sector which shares in some of the smaller companies may already be discounting. Timber companies want to diversify out of the wholesale commodity business and get closer to their customers. The special attraction in this case is the builders' merchant side at Bambergers, which provided a welcome measure of stability to profits last year. If it succeeds, it would also make International Timber feel a little more secure, since Montague Meyer's holding in its equity would be diluted from 10 to 8 per cent.

Jefferson Smurfit

Jefferson Smurfit has been progressing by leaps and bounds over recent years. In 1973 group sales were only £23.8m, and pre-tax profits a mere £1.5m. By the end of last year however, sales had multiplied over seven times to £175.7m and the pre-tax figure was more than 10 times up at £16m. Last year earnings per share amounted to 19.3p, 43 per cent more than 1977 and over eight times that of 1973.

Yesterday's interim statement from Smurfit suggests that its growth is now easing back to a more normal, but still decent, pace. Sales are 12 per cent higher, and pre-tax profits up 22 per cent at £8.3m. The best performance has come from Ireland on the print and packaging side, though the UK (including the old Alliance Alders) is also ahead. The bad news is that U.S. profits are halved, while the contribution from Nigeria is cut by one-third. The outlook for the year is for pre-tax profits of about £19m, to give earnings per share (on a 37 per cent tax charge) of about 25p. So at 97p the shares trade on a prospective pe of about 8, and still have attractions.

NCB Pension Fund

Just how hard it is for a pension fund to keep up with inflation is demonstrated by the National Coal Board, which has sent out the accounts of its staff superannuation scheme. According to the actuary, the scheme could only cope with a 5 per cent pensions rise for 1977-78—although the Board opted to raise payments by 13 per cent, the same as inflation. The cost was a deficiency contribution of £59.4m, compared with normal contributions of £42.2m. The previous year the deficiency contribution was £54.2m. All this, and investment income of £61m, to cover benefits of £51m.

Lucas talks continue in bid for Ducellier

Financial Times Reporter

A HINT has emerged that Lucas, the UK car components company, still hopes for an amicable end to its bid to take control of Ducellier, the French electrical components group.

In a prepared statement, Lucas said discussions were continuing with Ferodo, the French concern which has taken effective control of Ducellier. It added that Ferodo has "declared its wish to collaborate with Lucas," and that talks were also taking place with the French Government, which has had a strong hand in determining Ducellier's future.

Pressing ahead

At the same time, however, Lucas stressed that it is pressing ahead with legal action to prevent Ferodo stepping into the dominant position in Ducellier.

The company's statement indicates that the French solution to Ducellier's future which has involved Ferodo taking the majority share in the company, against Lucas's 49 per cent stake, came as a surprise to the British group last week.

It hints strongly that a scheme of arrangement had been worked out which would have involved a Ferodo interest in Ducellier but Lucas control. The two companies were brought together last week by the French Government, "in the belief that they had come very close to an agreement concerning the control and management of Ducellier," the statement said.

Presumably, Lucas is hoping for a solution somewhat along these lines, although it would make no further comment, yesterday, beyond saying that it was "expecting something to happen pretty soon."

Held up

Lucas's $26m (£13.3m) bid for the 51 per cent of Ducellier owned by Bendix Corporation of the U.S., has been held up since December, 1977, by the French authorities.

The scheme, put together by Ferodo, involves setting up a new organisation called Societe en Participation with DBA, the Bendix holding company in France, through which Ferodo would indirectly control 51 per cent of Ducellier.

Lucas, however, claims to have pre-emptive rights to acquire this 51 per cent holding, and is proceeding with legal action on this basis.

"Lucas has been advised that the Ferodo action contravenes not only the statutes of the partnership company Ducellier but also the company law of France," it says.

ITT prepares bid for Egyptian phone project

BY JOHN LLOYD

SOME OF the world's major telecommunications companies are preparing bids for work on modernising and extending Egypt's telephone network.

One of the most advanced of these is being prepared by ITT, the U.S. multinational communications company. It involves substantial participation by the company's UK subsidiary, STC, a leader in telephone cable manufacture.

The whole project, planned in two parts—the first, spread over five years, worth around £1.6bn ($820m) and the second, over 20 years, worth around £10bn (£5.1bn)—is the most ambitious ever proposed.

The Egyptians want their telecommunications network upgraded and extended from its present 400,000 lines to about 1m lines by 1984, and about 5m lines by the end of the century.

The project also entails building a plant making fully electronic, computer-controlled exchanges for the Egyptian and other Middle Eastern markets.

At least three European companies — CIT-Alcatel of France, Siemens of West Germany and Philips of Holland — are also preparing plans, but it is believed these do not yet include any for a manufacturing facility.

Philips, which won a £1.5bn Saudi Arabian contract in association with the Swedish company L. M. Ericsson last year, would not comment on whether it would bid jointly with Ericsson.

Ericsson said yesterday that the size of the bid made the consortium approach likely but it would wait until the situation clarified before drawing up proposals.

ITT's plans are similar to those already submitted by a U.S. consortium, once thought to be the only serious contender for the contract.

Uncertainty

That consortium is composed of Western Electric (the manufacturing arm of AT&T), General Telephone and Electronics and Continental Telephone.

There has been considerable uncertainty over the intentions of the Egyptian Government and Areto, the telecommunications administration. The chairmen of the companies in the U.S. consortium and President Anwar Sadat of Egypt met in June, and it was thought that this meeting had set the seal on the consortium's success.

Areto's managing director has since told communications companies' executives in Cairo that President Sadat had asked him to put the bid out to competitive tender once the specifications are agreed.

ITT, with the other companies, now preparing a bid, clearly believes the situation is open. It also thinks the U.S. consortium's proposals are over-complex.

ITT's package includes proposals on exchanges — which would initially be the company's electronic Metaconta exchange, manufactured in Belgium, then its digital exchange—cabling, servicing equipment and training programmes. It will also be refurbishing a plan for a manufacturing facility which it had not formally submitted.

"Nothing has been sewn up yet," said an ITT executive. "I think it will go the usual old route — a specification will be drawn up, and it will go out to tender for the best bid."

Merger planned by Bambergers and International Timber

BY ANDREW TAYLOR

TWO British timber groups, International Timber Corporation and Bambergers, are seeking to merge in an agreed deal worth £7.6m.

International Timber is bidding three of its shares plus 170p cash for every seven Bambergers shares. The groups have a combined turnover approaching £200m.

The price caused some surprise in the City as speculators had been expecting somewhat higher terms and Bambergers share price yesterday fell 11p to 77p having reached 92p ahead of the bid announcement.

Mr. R. E. Groves, chairman of International Timber, estimated that a merger would make the combined business the second largest UK timber concern—in terms of sales—behind Montague Meyer.

Last year International Timber generated sales of £134.6m and Bambergers produced sales of £38.6m. Combined sales in the current year may approach £200m compared with the £247m generated by Montague Meyer last year.

Montague controls a 10 per cent stake in International Timber.

The groups said a merger would provide them with a larger distribution network. Mr. Groves said: "For example Bambergers building products division is largely based in the South and South West while our interests in this field are largely in East Anglia, the Midlands and the North West."

The two businesses were largely complementary but there were some areas of difference. "We have supplied a good deal of timber for the furniture industry while Bambergers has concentrated more on supply to the building industry."

Directors of Bambergers are supporting the bid and say they will accept International Timber's terms in respect of their 10.6 per cent holdings. International Timber is also offering 65p cash for each Bambergers £1 Cumulative Preference share.

Continued from Page 1

Cabinet expected to defy pay vote

the economic strategy of the Labour Government and paying tribute to the role played by the trade unions in overcoming inflation.

In the incomes policy debate Mr. Healey, belligerent but not really gauging the mood of conference, warned starkly that the debate could settle the outcome of the next general election.

In his view there were two essential keys to winning the next election—keeping inflation under control: and strengthening rather than weakening the authority of the Prime Minister.

After stressing the advantages gained already from the Government's economic policies, the Chancellor claimed that whoever won the next election would inherit the best balanced economy and the best prospects of any economy since the war.

Mr. Foot produced the spectre of 1931 when the Labour Government had run away from power.

"Let us make sure we do not make the same mistake, when our forebears split to atoms at the critical moment and let the Tories in," he said.

After the debate Mrs. Shirley Williams, the Education Secretary, said she did not believe the conference had understood what it was doing, and that it was not helping the Government win the next election.

"I am damned if I want Blackpool 1978 to be the greatest victory Mrs. Thatcher has ever had," she declared.

Another leading moderate, Dr. David Owen, the Foreign Secretary, said at the same Campaign for Labour Victory fringe meeting that the onus was now on the opponents of incomes policy to come up with something viable that would hold inflation.

If they could not produce an alternative the Government would have to stick with what it had got.

In similar vein Mr. William Rodgers, the Transport Secretary, insisted that the search for a settled incomes policy must go on. Those who said that 5 per cent was too rigid and too unrealistic, had a duty to explain the alternative they preferred.

Christian Tyler writes: The overwhelming defeat of the Government's pay policy left union leaders more determined than ever to persuade the Government to abandon or at least relax its wage controls.

Both Mr. Joe Gormley of the miners and Mr. Alan Fisher of the public employees, who had pulled no punches in the debate, said afterwards that the Government should talk to the unions and urgently reconsider.

At the same time, a common view, endorsed by Mr. Moss Evans of the transport workers, was that there was time to repair the damage if the Government acted quickly.

Continued from Page 1

Phillips oil strike

Aquitaine on block 35/2 and Deminex on block 35/6. Of the first 11 wells completed, none have shown significant indications of oil or gas.

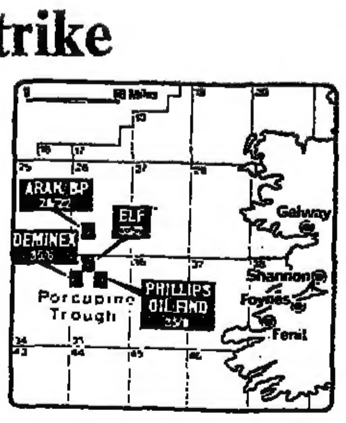
The Phillips announcement does not yet herald the discovery of a major new oil province off Ireland. But the find could prove to be of great importance in the long-term by encouraging international oil companies to continue searching.

The Phillips find is of good quality crude, similar to that found in the North Sea, being light and sulphur-free.

But it was made in 1,411 feet of water, far deeper than any of the North Sea discoveries, which are nearly all in depths of less than 600 feet. The Brent Field, for example, the largest discovery in UK waters, is in no more than 480 feet. The water depths in the Porcupine Trough could be a serious deterrent to the development of any eventual discoveries, unless they have very large reserves.

The Phillips well flowed at 730 barrels per day. It was drilled about 105 miles west of the Shannon estuary. Signs of both oil and gas were met during drilling to a depth of 14,500 feet.

The oil tested was light—



34 degrees API—and flowed along with small amounts of gas from one zone. Other zones were tested but without success.

The well is being plugged and the rig Sedco 708 will be released.

The company said yesterday: "While the recovery of this quantity of oil cannot be considered commercial, especially in the 1,411-feet water depth in which the well was drilled, the Phillips Group is encouraged by the test results."

The group consists of Phillips 37.5 per cent, Getty Oil 37.5 per cent, Amerada Hess 20 per cent and Century Power and Light 5 per cent.

Weather

UK TODAY

DRY with sunny intervals, some rain in north.

London, E. Anglia, S.E. England
Mostly dry, sunny intervals. Max. 16C (61F).

Cent. S. England, E. and W. Midlands, E. England, Channel Is., S.W. England and S. Wales
Mainly dry, sunny intervals. Max. 16C (61F).

N.W. England, N. Wales, N.E. and Cent. N. England
Sunny intervals, rain later. Max. 15C (59F).

Lakes, Isle of Man, Borders, Edinburgh, Dundee, S.W. Scotland, Glasgow, N. Ireland
Cloudy, outbreaks of rain. Max. 14C (57F).

Aberdeen, Cent. Highlands, Moray Firth, N.E. and N.W. Scotland, Argyll
Sunny intervals, showers. Max. 12C (54F).

Orkney, Shetland
Sunny intervals, showers. Max. 10C (50F).

Outlook: Rather cold with sunny intervals and showers.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstrdm.	C	9	48	Madrid	F	16	61
Athens	S	24	75	Manchstr.	C	13	55
Bahrain	S	31	88	Melbourne	C	20	68
Barcelona	S	19	66	Mexico C.	C	19	67
Beirut	S	29	84	Milan	R	13	55
Belfast	C	12	54	Montreal	S	11	52
Belgrade	F	9	48	Moscow	C	4	39
Berlin	C	7	45	Munich	C	8	46
Birmghm.	F	11	52	Newcastle	C	12	54
Bristol	F	13	55	New York	S	18	64
Brussels	C	8	46	Oslo	C	7	45
B. Aires	R	13	55	Paris	F	13	55
Cairo	S	30	86	Perth	S	16	61
Cardiff	F	13	55	Prague	C	11	52
Chicago	C	17	63	Reykjavik	R	2	32
Cologne	S	10	50	Rio de J'o	S	24	75
Copnhgn.	F	11	52	Rome	R	17	63
Dublin	C	12	54	Singapore	S	30	87
Edinbrgh.	C	13	55	Stockholm	C	8	46
Frankfurt	F	13	55	Strasbrg.	F	13	55
Geneva	C	9	48	Sydney	F	21	70
Glasgow	F	11	52	Tehran	S	24	75
Helsinki	F	7	45	Tel Aviv	S	28	82
H. Kong	S	26	79	Tokyo	S	26	79
Jo'burg	C	21	70	Toronto	S	12	54
Lisbon	S	19	66	Vienna	C	12	54
London	S	15	59	Warsaw	C	9	48
Luxemb'g	S	10	50	Zurich	C	9	48

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	19	66	I. of Man	C	13	55
Algiers	R	13	55	Jersey	F	14	57
Biarritz	C	14	57	Las Plms.	F	24	75
Blackpool	R	11	52	Locarno	C	13	55
Bordeaux	C	13	55	Majorca	F	20	68
Boulogne	F	11	52	Malaga	S	24	75
Casblnca.	F	22	72	Malta	S	27	81
Cape Tn.	C	16	61	Nairobi	C	20	68
Corfu	C	24	75	Naples	C	22	72
Dubrovnik	C	18	64	Nice	F	18	64
Florence	R	15	59	Rhodes	S	25	77
Funchal	F	23	73	Salzburg	C	11	52
Gibraltar	S	24	75	Tangier	S	24	75
Guernsey	F	13	55	Tenerife	S	22	72
Innsbruck	F	10	50	Valencia	S	21	70
Inverness	C	12	54	Venice	R	13	55

S—Sunny. F—Fair. C—Cloudy. R—Rain. Th—Thunderstorm.

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